

PART I

FRACTIONAL OFFERING PLAN

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB

TWO EAST 55TH STREET

NEW YORK, NEW YORK 10022

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RIGHT OF CANCELLATION

A Purchaser may cancel the Purchase Agreement by mailing written notice of cancellation, postmarked within seven (7) business days of the date on which the Purchase Agreement was executed by Purchaser, to Sponsor at the address indicated on the cover of this Offering Plan. The right to cancel may not be waived under any circumstances and any instrument executed by a Purchaser which purports to waive such right shall be deemed void and of no effect. A Purchaser may exercise the right to cancel at will and without explanation. A Purchaser may cancel the Purchase Agreement without penalty or obligation and all Deposits made by Purchaser to Sponsor prior to cancellation shall be refunded within thirty (30) days after Sponsor receives notice of cancellation. All Closing Documents shall be null and void (as of the date of Purchaser's cancellation notice) and neither Sponsor nor Purchaser shall have any further rights, obligations or liabilities with respect to the other under the Closing Documents or under the Offering Plan, except for Sponsor's obligation to return all Deposits made by Purchaser and Purchaser's obligation to return the Offering Plan and all collateral sales materials to Sponsor.

SPECIAL RISK FACTORS

1. (a) The purchase of a Club Interest should be based upon its value as a vacation experience, for spending leisure time, or for other personal use, and not considered for purposes of acquiring an appreciating investment or with an expectation that the Club Interest may be rented or resold at a profit. Generally, there is no established market for the rental or resale of Club Interests and the rental and resale value, if any, is uncertain. Any Club Member attempting to rent or resell a Club Interest would have to compete, at a substantial disadvantage, with Sponsor in the rental and sale of its Unsold Club Interests. Sponsor may have a large inventory of Unsold Club Interests.

(b) So long as Sponsor owns any Club Interest, the sale, transfer, or assignment of a Club Interest by a Club Member is subject to Sponsor's right of first refusal that runs with the land to purchase any Club Interest that is offered for resale for a period of three (3) years from the Closing Date of the Club Interest, on the same terms and conditions as those offered to or by a bona fide third party, including financing. Transfers, assignments or sales to a Club Member's immediate family or other entities related to Club Member, such as affiliates or subsidiaries are not subject to Sponsor's right of first refusal.

(c) Use of the Club Units is limited solely to the personal, recreational and other use by a Club Member and Club Member's Permitted Users. A Club Unit may not be occupied by any one Person for more than one-hundred eighty-two (182) days in any calendar year.

(d) Notwithstanding the fact that Club Members may rent their Club Interests and/or confirmed reservations, the Club Interests: (i) are *not* being offered and sold by Sponsor with emphasis on the economic benefits, if any, to a Club Member to be derived from the managerial efforts of Sponsor or a third party designated or arranged for by Sponsor, for rental of Club Interests; (ii) do *not* involve the offering by Sponsor of participation in a rental pool arrangement; and (iii) do *not* require a Club Member to hold the Club Interest available for any part of the year, or use an exclusive rental agent or to be materially restricted in Owner's use or rental of the Club Interest.

(e) Purchasers are prohibited from listing their Club Interests for resale with any broker or otherwise advertising, promoting or publicizing the availability of their Club Interests for sale prior to the Closing of Title.

(f) See the Sections entitled "Rights and Obligations of Club Members" and "Assignment of Purchase Agreements" for more details.

2. The successful operation and maintenance of the Club depends upon the ability of Sponsor to meet its financial obligations with respect to Unsold Club Interests. Pursuant to Sponsor's Guaranty, more fully explained in the Section entitled "Sponsor's Club Charge Guaranty", Sponsor guarantees to certain Club Members that the Club Charges will not exceed a certain dollar amount per annum per Club Interest. In consideration of this guarantee, Sponsor will be excused from the payment of the Club Charges which would otherwise have been assessed against its Unsold Club Interests during the term of the guarantee. As a consequence of this exemption, Sponsor shall pay the amount of Club Expenses incurred for the Club which exceed the total revenues of the Club from Club Members during the term of the guarantee. Sponsor has provided no bond or other security for this undertaking. If Sponsor is unable to meet its guarantee obligation or does not extend the guarantee in future years of Club operation, the Club Charges assessed against Club Members may increase substantially. See the Section entitled "Sponsor's Club Charge Guaranty" for more details.

3. No Club Member may make any alteration in or to any portion of the Club Property or the Common Elements of the Condominium. No Club Member may add or modify any kitchen or similar appliances (including, without limitation, cooking facilities) contained in a Club Unit. See the Section entitled "Rights and Obligations of Club Members" for more details.

4. While each Club Member shall have certain voting rights, it is expected that most Club Members will not participate in the management of the Club since each Club Member has a relatively small interest and is away for most of the year. Sponsor will control the Club Association through the appointment of all of the members

of the Club Board during the Sponsor Control Period. See the Section entitled "Rights and Obligations of the Club Board" for more details.

5. The Club may be developed in phases. The Hotel Unit may be subdivided in the future creating one or more additional Club Units and such newly created Club Units may be included in the Club, which would result in additional Club Interests. Sponsor reserves the right to change the phasing of additional Club Units with respect to floor plans, Club Unit Types, Club Unit sizes, Club Unit mixes, Club Unit numbers, numbers of Club Units and number of Club Interests. See the Sections entitled "Rights and Obligations of Sponsor" and "Changes in Prices and Facilities" for more details.

6. The Club Property will be subject to ordinary wear and tear. The Club Budget which is set forth in Schedule B includes estimates for repairs to, and the replacement of furnishings in, the Club Units to be included in the Club. The Club Budget contains a reserve line item for replacement of furnishings, although there is no assurance that the reserve amount will be adequate or that there will not be a need to increase reserves in the future. See the Section entitled "Schedule B – Club Budget" for more details.

7. Each Club Member owns a share of the undivided percentage interest in the Club Unit in which Club Member has a Club Interest and each Club Member is a tenant in common with all other Club Members of Club Interests in such Club Unit. Under the Club Declaration, each Club Unit included shall remain undivided, and no Club Member may bring, or have any right to bring, any action for partition or division of such Club Unit. See the Club Declaration in Part II for more details.

8. The failure of Club Members to pay Real Estate Taxes assessed against the Club Units in the Club to the Club Association and/or the failure of the Club Association to remit such Real Estate Taxes to the taxing authority may result in the institution or commencement by the taxing authority of an "in rem foreclosure" proceeding and/or the sale of tax lien(s) proceeding against one or more Club Units in the Club. In the event the taxing authority forecloses on the tax lien(s) or takes the Club Unit in rem or the subsequent owner of the tax lien(s) forecloses on the tax lien(s), a Club Member may lose his Club Interest.

9. (a) At the time a Purchase Agreement is executed, Purchaser is required to make a Deposit in an amount equal to 20% of the purchase price. The portion of any Deposit made by a Purchaser in connection with the purchase of a Club Interest in excess of \$100,000 in the aggregate will not be federally insured. In the event a Purchaser defaults under the Purchase Agreement, "time being of the essence" with regard to the obligations of Purchaser thereunder, and does not cure such default within thirty (30) business days after Sponsor gives notice to Purchaser of such default, Sponsor may, cancel the Purchase Agreement and retain, as liquidated damages, the Deposit made by Purchaser, not to exceed ten percent (10%) of the purchase price.

(b) The signing of the Purchase Agreement signifies the Purchaser's acceptance of the condition of the Club (as represented by Sponsor in the Offering Plan) including the Building, and all Facilities contained therein, and the Club Property, in their respective existing conditions, subject to ordinary wear and tear between the date Purchaser signs the Purchase Agreement and delivery of the deed to Purchaser. Sponsor has no obligation to make any repairs, improvements or decorations in or to the Building or the Facilities contained therein, or the Club Property, except as may otherwise be set forth in the Offering Plan.

(c) Although a Purchaser may obtain financing from any source, Purchaser's obligation to purchase a Club Interest pursuant to the Purchase Agreement shall not be contingent on obtaining financing for such purchase.

(d) See the Section entitled "Procedure to Purchase" for more details.

10. Sponsor will control the affairs of the Club Association during the Sponsor Control Period which will end on the later of: (a) sixty (60) days after the conveyance by Sponsor of ninety percent (90%) of the Club Interests to owners other than Sponsor; or (b) five (5) years after the First Closing of a Club Interest. See the Section entitled "Rights and Obligations of Club Members" for more details.

11. Under current federal law, it is possible that the federal government could cause the sale of a Club Unit owned by a number of co-tenants in common in order to satisfy a tax lien against an individual Club Member. This possibility is considered extremely remote however, and to Sponsor's knowledge the government has never

taken such action. In fact, the Internal Revenue Service in 1979 issued Revenue Ruling 79-55 which held that only the interest owned in a timeshare condominium by a delinquent taxpayer would be subject to seizure and sale under a federal tax lien. It specifically stated that the interest owned by other taxpayers in the same unit would not be affected under these circumstances. While there is no assurance that the IRS may not take a different position in the future, or that applicable Law may not change, there is no reason at present to expect any such change.

12. Purchasers should specifically note while the Club Units will be represented on the Condominium Board, the Club Board has the right to appoint only one of the seven (7) members of the Condominium Board. The Suite Unit Owners will also have the right to appoint only one of the seven (7) members of the Condominium Board. Five of the seven (7) members of the Condominium Board will at all times be designated by the Commercial Unit Owners and as a result, neither Suite Unit Owners nor the Club Board will ever designate a majority of the members of the Condominium Board and will never control a majority vote thereon. The Commercial Unit Owners will at all times, in the aggregate, control a majority of the votes on the Condominium Board. See the "Condominium Declaration" in Part II for more details.

13. (a) The Condominium will initially consist of Suite Units, Club Units, a Hotel Unit and Retail Unit and the Common Elements. Only Club Interests in the Club Units (and their appurtenant interest in the Common Elements) are offered pursuant to the Offering Plan.

(b) The Suite Units may be used for residential (non-principal residence) and transient hotel purposes.

(c) The Commercial Units may be used for any lawful purpose, including, without limitation, for hotel, retail, fractional or club ownership, public event, restaurant, banquet, banking, commercial, and office purposes. Notwithstanding the foregoing, the consent of the Hotel Unit Owner shall be required if the Retail Unit is used for any purpose other than as luxury retail space. The Hotel Unit (including, among other things, the approximately 257 transient hotel rooms and suites, ancillary areas such as banquet facilities, a front desk and concierge station(s), shops, display vitrines, food service facilities, lounges, entertainment venues, grand public spaces and back-of-house facilities), as of the date of the Filing Date of the Offering Plan, is being operated as, a hotel, and the Retail Unit is being operated as one or more retail stores; and although it is anticipated that until and for an indeterminate period of time following the recording of the Condominium Declaration such uses will continue, no representation is made with respect to such initial, continued or subsequent uses of the Commercial Units or with respect to who the owner(s), operator(s), tenant(s) or other user(s) of the Commercial Units may be at any time. No income derived from any use of the Commercial Units will constitute income to the Condominium Board or the Suite Unit Owners or the Club Members.

(d) See the "Condominium Declaration" in Part II for more details.

14. (a) Renovation in an operating hotel is a complicated process which requires the coordination of numerous concurrent tasks, contractors and suppliers, all of which is subject to unanticipated delays and difficulties and necessarily involves noise, disruption and inconvenience. Thus, for a period of time following the First Suite Closing or First Closing of a Club Interest (through, including and beyond the Closing of Title to any particular purchaser's Club Interest), work should be expected to be undertaken and continue by or on behalf of: (i) Sponsor and Suite Sponsor to complete renovation of the balance of the Club Units and Suite Units; (ii) individual Suite Unit Owners within their Suite Units (to perform custom renovations, etc.); and (iii) the Commercial Unit Owners or others elsewhere in the Building (including, without limitation, in the event that additional floors of the Building are established as Suite Units or Club Units). During at least the first year of operation, construction workers and related personnel of Sponsor and Suite Sponsor and others may be at the Property from time to time performing construction work, making adjustments and performing various other tasks related to the completion of renovation, fitting out of, and moving into, the Suite Units and other portions of the Building.

(b) Based upon the current schedule, Sponsor presently contemplates that, unless delayed by weather, casualty, labor difficulties (including work stoppages and strikes), late delivery and/or the inability to obtain on a timely basis or otherwise, materials or equipment, governmental restrictions, acts of god or other events beyond its reasonable control, renovation of the Club Units will be sufficiently completed to permit closings of title to Club Interests to begin in or about July 2006. Prospective Purchasers should note, however, that the Club Units will be completed at differing times over a period that may begin prior to and/or extend beyond such date. Sponsor will have no liability to any Purchaser, nor will a Purchaser be entitled to any credit, offset or reduction in the

purchase price for the Club Interest or otherwise be relieved from any obligations under the Purchase Agreement, in the event that the First Closing of a Club Interest occurs earlier or later than the targeted date or the time to complete or to close title to such Purchaser's Club Interest is accelerated, delayed or postponed by Sponsor, provided, however, that in the event the actual or anticipated commencement date of the projected first year of Club operation is to be delayed by six (6) months or more, Sponsor will amend the Offering Plan to include a revised budget with current projections and if: (i) the amended budget exceeds the projected budget set forth herein by twenty-five percent (25%) or more; or (ii) the First Closing of a Club Interest does not occur within twelve (12) months after the date set forth in Schedule B as the commencement date for the projected first year of club operation, then in either case Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period under their Purchase Agreements, if the Offering Plan has been declared effective) the right to rescind their Purchase Agreements within not less than fifteen (15) days after the Presentation Date of the amendment containing such revised budget or after such twelve (12) month period, as the case may be, and any Purchasers electing rescission pursuant to such offer will have their Deposit and any interest accrued thereon returned. Purchasers' rights as described in the preceding sentence are in lieu of any other rights or remedies which may be available pursuant to Law, or otherwise, all of which shall be deemed to have been waived by all Purchasers. As set forth in the Section of the Offering Plan entitled "Effective Date," no closing of title to any Club Interest will take place prior to the Offering Plan being declared effective.

(c) See the Sections entitled "Rights and Obligations of Sponsor," "Effective Date" and "Procedure to Purchase" for more details.

15. No bond or other security has been posted by Sponsor to secure its obligation to pay Club Charges or Real Estate Taxes with respect to the Unsold Club Interests. Sponsor represents that it has the financial resources to pay such amounts with respect to the Unsold Club Interests and agrees to pay such amounts. In addition, no bond or other security will be posted by the Commercial Unit Owners or the Suite Sponsor to secure their respective obligations to pay Common Charges, special assessments or real estate taxes in respective of Units owned by them.

16. No reserve fund is being established for the Condominium. Sponsor and Suite Sponsor have elected not to provide for a reserve fund to be used for capital replacements or repairs. The Condominium Board, in its discretion, and subject to certain restrictions contained in the Condominium By-Laws, may decide in the future to create a reserve fund by special assessment or by increases in General Common Charges. See the "Condominium By-Laws" in Part II for more details.

17. The Building has been landmarked by the Landmarks Commission under the Landmarks Law. The Landmarks Law protects the improvements and landscape features of certain properties and areas which reflect New York City's rich cultural, social, economic, political and architectural history.

18. The Terraces which are adjacent to certain of the Club Units are decorative only and may not be used by the owners or occupants of the Club Units. Such Terraces are General Common Elements which the Condominium Board shall be responsible to maintain, clean, repair and replace, as needed, at the expense of all Unit Owners (unless the need for same is caused by or attributable to any particular Unit Owner(s) in which case the cost thereof incurred by the Condominium Board shall be charged to such responsible Unit Owner(s). See the "Condominium Declaration" in Part II for more details.

19. The Club Manager has a licensing arrangement with The Sheraton Corporation ("Licensor") to use the name "St. Regis" ("Club Licensing Arrangement"). As a consequence, the Plan of Club Ownership and the Club Property will be designated with the St. Regis name during the term of the Club Licensing Arrangement and the Plan of Club Ownership and the Club Property will be operated, managed and maintained according to the standards established by Licensor to protect its service mark and trademark ("St. Regis Standards"). The fees, costs, and expenses incurred by the Club Manager to maintain the affiliation with Licensor under the Club Licensing Arrangement are part of the Club Expenses. The Club Licensing Agreement may be terminated, resulting in the removal of the St. Regis designation from the Plan of Club Ownership and the Club Property (with or without the St. Regis designation remaining in connection with operation of the hotel within the Condominium), if: (a) the Club Manager's management contract is terminated for any reason; (b) the Plan of Club Ownership or the Club Property is not managed, operated, and maintained in a manner consistent with the St. Regis Standards (which could occur, among other reasons, if budget constraints imposed by the Club Association prevent Club Manager from so managing); (c) licensing fees are not paid as required by the Club Licensing Arrangement; (d) the Club Licensing Arrangement is terminated; (e) the Club Licensing Arrangement expires by its own terms and is not renewed; or (f)

if customary business defaults occur. Upon certain breaches or termination events under the Club Licensing Arrangement, liquidated damages may be incurred as an expense of the Club Association. The license to use the name "St. Regis" is not part of the Plan of Club Ownership, the Club Property or the Condominium Property. The Club Association and the Club Members do not have any right, title, or interest in the name "St. Regis" or in any licensing arrangement. Purchaser may use the Condominium name for the resale or rental of a Club Interest, but is strictly prohibited from using the St. Regis name or marks in connection with the resale or rental of a Club Interest through any Person other than Sponsor, Club Manager or their affiliates. In addition to the Club Licensing Arrangement, a similar licensing arrangement between St. Regis and Sponsor with respect to the operation of certain property, which has not been declared to the Club Property or the Condominium Property, may exist.

20. (a) Hotel Unit Owner has reserved to itself and/or its designee the exclusive right to apply for and/or grant with respect to the facade of the Property (which is otherwise a General Common Element) a historic preservation easement or similar right; and, in such event, the Hotel Unit Owner, and not the Condominium Board (nor any other Unit Owner), shall be entitled to any and all tax and other benefits if any, accruing with respect thereto. The granting of such an easement would have the effect of limiting or restricting the ability of the Condominium Board to change the outward appearance of the Building.

(b) Hotel Unit Owner has reserved to itself and/or its designee the exclusive right to apply for a historic Rehabilitation Tax Credit pursuant to the Tax Reform Act of 1986 ("*Tax Reform Act*") to the extent the same now are or later become available as a result of any work done from time to time by the Hotel Unit Owner or otherwise at the Building, although the Hotel Unit Owner is under no obligation to perform any work necessary to qualify for any such credits.

(c) Fee Owner has expressly reserved to Hotel Unit Owner all excess air or developmental rights (collectively, "*Air Rights*") otherwise appurtenant to the Property. As a result, unless Air Rights are separately acquired therefor on behalf of the Condominium or another Unit Owner, as the case may be, any future expansion of the Building by the Condominium Board or of a Unit by any Unit Owner (other than Hotel Unit Owner) as may otherwise be permitted pursuant to any applicable laws and otherwise, may not be possible or may be limited. Further, as a result of such reservation by Hotel Unit Owner, the Hotel Unit Owner has the sole right to transfer or sell such Air Rights to the owner(s) of adjoining properties and in such case such properties may be increased as a result of such transfer or sale. None of the Unit Owners (other than Hotel Unit Owner) or the Condominium Board will have any interest in the rents, profits or revenues from the sale or use of any of the Air Rights.

(d) An affiliate of Sponsor, Sheraton Operating Corporation ("*Hotel Name Rights Holder*") has entered into certain agreement(s) that permit the Hotel Unit Owner and/or the Hotel Operator to use the St. Regis® trade name and the St. Regis® trademark (collectively, the "*Hotel Name Rights Intellectual Property*") in the operation of the hotel, and Sponsor to use the Hotel Name Rights Intellectual Property in connection with the initial sale and marketing of the Club Interests. For so long as the Hotel Unit is operating using the Hotel Name Rights Intellectual Property, the Hotel Unit and the Building must be operated, managed and maintained according to the standards established by the Hotel Name Rights Holder to protect the Hotel Name Rights Intellectual Property ("*St. Regis Standards*"). The referenced agreements may be terminated, resulting in the removal of the St. Regis designation from the Hotel Unit if the Hotel Unit is sold, or if the Hotel Unit or the Building is not managed, operated, and maintained in a manner consistent with the St. Regis Standards. Under no circumstances shall the Hotel Name Rights Intellectual Property be deemed part of the Condominium Property, the property of the Club Association or any Club Member. Neither the Condominium, the Condominium Board, the Club Association, the Club Board, the Suite Unit Owners nor the Club Members have any right, title, or interest in the name "St. Regis" or in any licensing arrangement. In addition, the Club Units are being marketed and sold solely by Sponsor, and not by any other party, and no party (other than Sponsor) shall have any liability or obligation in connection with the same. There are no guarantees that the Hotel Unit will be operated as a St. Regis® Hotel or that any Starwood Party will operate the Hotel Unit at closing or for any period following closing. In no event shall any Club Member or the Club Board acquire any right or interest in the Hotel Name Rights Intellectual Property, which shall at all times remain the sole and exclusive property of the Hotel Name Rights Holder.

(e) Fee Owner, Sponsor, Suite Sponsor and the Commercial Unit Owners reserve the right to create and add additional Club Units and Suite Units (and to offer the same for sale) by subdividing Unsold Club Units and/or Unsold Suite Units, by acquiring and/or converting portions of the Hotel Unit and/or Suite Units, and changing the designation of such areas to Club Unit space or to change the number of rooms in, as well as the size,

layout and square foot area of, any Unsold Club Units. Sponsor expressly reserves the right, from time to time, to effect such changes and to amend the Offering Plan so as to reflect the same.

21. (a) The Hotel Unit shall initially be operated as a full service hotel, however, no representation or warranty is made that such hotel operation will continue. Additionally, Sponsor makes no representation with respect to the identity of the Hotel Owner, the Hotel brand under which the Hotel Unit will be operated, the Hotel Unit's manager or operator, tenant or licensee. In connection with the ownership of the Hotel Unit and in order to facilitate and integrate the operation within major portions of the Building (including the Hotel Unit) of a full service hotel, certain portions of the Building as more specifically set forth on the Floor Plans, including the passenger elevators, the lobby and the entrances and corridors, passages, areas and spaces providing ingress to and egress from the Club Units and the Suite Units, all as set forth more specifically in the Condominium Declaration and on the Floor Plans, will be established as Hotel Limited Common Elements and not as General Common Elements.

(b) In connection with the operation of a hotel operation in the Building, the Hotel Operator will have the right to control the decoration, appearance and management of the Hotel Limited Common Elements as well as the hiring, retention and dismissal of lobby and building staff, the design and appearance of staff uniforms and other aspects of the operation of the Building which affect the business of the Hotel Operator. The costs and expenses in connection with the employment of the lobby and building staff and the appearance, decoration and management of the Hotel Limited Common Elements will be reimbursable proportionately to the Hotel Unit Owner by the Suite Unit Owners and the Club Unit Owners and such amounts will be assessed and collected by the Board, for the account of the Hotel Unit Owner, against and from the Suite Unit Owners and the Club Unit Owners as General Common Charges. Furthermore, to promote a consistent appearance of the Building from the outside of the Building, the Hotel Unit Owner will have the right to control the specifications and backings of the window treatments (including color) in the Units.

(c) The use and access to the Hotel Limited Common Elements that serve or benefit the owners and occupants of the Club Units and the Suite Units will be pursuant to one or more perpetual easements in favor of the Suite Units and the Club Units as set forth in the Declaration. All decisions regarding the repair, maintenance, operation, insurance, alteration and upkeep of such areas and elements, and the expenses of the Hotel Operator in providing or facilitating such services, shall be made and controlled by the Hotel Operator and the cost thereof billed to the Condominium Board (and included in General Common Expenses and collected as General Common Charges) in the manner provided in the Condominium By-Laws. The Hotel Unit Owner shall have the right to make alterations and repairs to the areas affected by such rights of ingress and egress, provided, however, that in no event shall the alteration or repair be made in a manner discriminatory to the Suite Units or the Club Units which would preclude the exercise of, or unreasonably restrict or interfere with the enjoyment or use of, such rights by any owner or occupant of a Suite Unit or the Club Unit.

(d) The Building's main lobby which serves as the common entrance to for the use of the Suite Units and the Club Units and the Hotel Unit is classified as a Hotel Limited Common Element. Each Suite Unit Owner and Club Member and their guests and invitees shall have the right of access to and usage thereof pursuant to easements granted in the Declaration. The Hotel Unit Owner shall, however, have the right to manage, control, insure, decorate and maintain such lobby area and a portion of the costs thereof will be reimbursable proportionately to the Hotel Unit Owner by the Suite Unit Owners and the Club Unit Owners as reflected in the projected budget for the first year of condominium operation set forth as Schedule B.

(e) See the "Condominium Declaration" in Part II for more details.

22. (a) Under no circumstances shall any Purchasers and offerees under the Offering Plan (or their purchasers, Occupants, Invitees, any successors or assigns of any of the foregoing, or any other party) have any claim or recourse whatsoever against or privity with Fee Owner, any Commercial Unit Owner, the Club Sponsor or Starwood or any of their respective affiliates (other than Sponsor), or any of their respective officers, directors, partners, members, managers, shareholders, agents, employees or successors-in-interest or other party/ies claiming through, in connection with the Offering Plan, the renovation of the Club Units (or any other Unit in the Condominium or element thereof), any "fiscal" matters (e.g., adequacy of budgets, reserves, etc.) or the purchase of a Club Interest or any other matter relating to the Building.

(b) None of the Exculpated Parties (defined below) makes any representation, warranty or covenant whatsoever concerning: (i) any of the matters contemplated in the Offering Plan or in the Condominium

Documents, the Club Documents, or in any Escrow Agreement or any other agreement entered into or document made in connection with the purchase of any Club Interest (all of the foregoing, the "Offering Plan-Related Documents"); (ii) the Property, the Club Property or any of the Units, Common Elements or fixtures, improvements or other items located in the Property or the Units (as they now or hereafter may be constituted), or the permitted or intended use of any thereof, or the condition or merchantability of any thereof; (iii) any financial matter or budget described in the Offering Plan or in the Offering Plan-Related Documents, including the adequacy of any reserves proposed at any time to be established in the Offering Plan or the Offering Plan-Related Documents; (iv) the services or utilities to be provided to the Club Units or in the Building; or (v) the use by any person of any portion of the Property; nor does any Exculpated Party make any representation or warranty as to the truth, accuracy or completeness of the Offering Plan; it being understood that the Exculpated Parties shall have or be subject to absolutely no liability whatsoever under, or in connection with, any such matters and, further, that the initial purchasers of any Club Interests and each and every one of their successors and assigns shall have and be deemed to have expressly released the Exculpated Parties from any such liability and shall be deemed to have expressly accepted and ratified the foregoing.

(c) The term "Exculpated Parties" includes any or all of the following: Starwood Hotels & Resorts Worldwide, Inc.; SLT Palm Desert, L.L.C.; SLT Realty Limited Partnership; Prudential HEI Joint Venture; SLT St. Louis, L.L.C.; Fifth Avenue Hotel Suites LLC; and/or any and all affiliates, subsidiaries, directors, officers, employees, direct or indirect shareholders, partners, members, managers, agents, employees, participants or other owners of beneficial interests in or of any of the foregoing, together with any successors or assigns thereof, or parties claiming through them, but not including Sponsor.

23. (a) There will be signs, notices, advertisements and illuminations (collectively "*Signage*") on various exterior portions of the Building, on or at windows and in interior public spaces of the Building, which may be affixed by Sponsor, Suite Sponsor, the Condominium Board and/or one or more of the Commercial Unit Owners, all as and to the extent provided in the Condominium Declaration and/or Condominium By-Laws. Sponsor makes no representation and shall have no liability whatsoever with respect thereto, except that the same shall comply with applicable Legal Requirements.

(b) In addition, among other things: (a) Hotel Unit Owner (or its designee) and its successors and assigns, shall, to the extent permitted by Law, have an easement to place, erect, maintain, repair, replace and improve, from time to time, one or more signs, canopies, flags, flagpoles, lighting, lighting elements or awnings or other protrusions or decorative elements on the Property, including without limitation, on the exterior of the walls (including the balconies) of the Building, for the purposes of advertising or promoting or enhancing the operation of the hotel within the Hotel Unit or the sale or rental of all or any portion of the Hotel Unit, and/or the operation of any business of a tenant or occupant of all or any portion of the Hotel Unit; (b) Retail Unit Owner (or its designee) and its successors and assigns, shall, to the extent permitted by Law (and subject to the consent of Hotel Unit Owner), have an easement to erect, maintain, repair and replace, from time to time, one or more signs, canopies, flags, flagpoles, lighting, lighting elements or awnings or other protrusions on the Property, including without limitation, on the exterior of the walls of the Building, in connection with the operation of any business of a tenant or occupant of all or any portion of the Retail Unit; (c) each of Sponsor and the Club Sponsor (or their respective designee(s)) and their respective successors and assigns as the owner(s) of any Unsold Units or Unsold Club Interests, shall, to the extent permitted by Law (subject to the consent of Hotel Unit Owner), have an easement to erect, maintain, repair and replace, from time to time, one or more signs, canopies, flags, flagpoles, lighting, lighting elements or awnings or other protrusions on the Property, including without limitation, on the exterior of the walls of the Building, for the purposes of advertising the sale or lease of any Unsold Unit or Unsold Club Interests.

(c) In addition, among other things, Hotel Unit Owner (or its designee) shall also have an easement to erect, maintain, repair and replace lights and lighting fixtures and to erect maintain and replace satellite communication equipment and similar equipment, as permitted by Law, on the roofs and facade of the Building and elsewhere on the Common Elements which shall entitle the holder of such easement to utilize such easement for its own account or the account of any licensee for the purpose of servicing the Condominium or any other building or area.

(d) See the "Condominium Declaration" and "Condominium By-Laws" in Part II for more details.

24. The Hotel Unit is currently and will, following submission of the Property to condominium ownership, be subject to various union contracts. Since certain services within the Building will be provided by Hotel Unit Owner (or Hotel Operator), this will entail the use of union personnel. Accordingly, among other things, all Alterations by the Club Association shall be performed in a manner which will not interfere with, or cause any labor disturbances or stoppages in, the work of Condominium employees, hotel employees or other contractors or subcontractors employed in the Units or the Building (which may result from, among other things, the use of non-union labor); and in all events, in compliance with the Condominium Declaration, the Condominium By-Laws, the Condominium Rules and Regulations, the overall Building Standards and all Laws. In furtherance of the foregoing, Hotel Unit Owner may require, as a result of its control over the Condominium Board, that the Condominium also assume and subject itself to the applicable union contracts.

25. The Description of Property and Building Condition set forth in Part II of the Offering Plan identifies certain maintenance work and/or repairs at the Property which Sponsor's and Suite Sponsor's Architect recommends addressing. As noted in the Offering Plan, Sponsor or Suite Sponsor has corrected or caused to be corrected or performed certain of such items and/or intends to cause the same to be done. However, Sponsor or Suite Sponsor does not intend to perform or correct certain other noted items. These items include and the approximate cost to correct same are as follows: (i) as described in Section H(1) of the Description of Property and Building Condition: (a) resloping certain areas of the subcellar mechanical room to facilitate optimal drainage (\$10,500); (b) repairing insignificant and non-structural cracks in certain subcellar area floors and flooring (\$3,500); (ii) as described in Section H(2) of the Description of Property and Building Condition, (a) address minor deterioration in underside of floor framing slabs and beams, and concrete encasement of slab (\$5,500); (b) mitigation of dampness on cellar slab, metal deck and steel beams (\$10,000); (c) replacement of broken floor tiles in cellar level kitchen spaces (\$2,500); (d) scraping of steel beam in housekeeping storage area (\$2,800); (e) repair of loose ceiling tiles in cellar level laundry chemical storage room (\$750); (iii) as described in Section H(9) of the Description of Property and Building Condition, the insignificant conditions noted regarding the interior stairwells of the Building (e.g., minor cracks, flaking and rust possibly due to a leak) (\$4,000); (iv) as described in Section L(6) of the Description of Property and Building Condition, any structural steel or louver repair or replacement work in connection with the cooling towers, CT-2 and CT-3 (\$75,000); and (v) with respect to the crack at the northeast corner of the Building as noted in item 7 on page 5 of the Local Law 11 Report (attached as an exhibit to the Description of Property and Building Condition), any repair work which may be required other than sealing of such crack (\$75,000). As noted in the Description of Property and Building Condition (Section H(2)), "no major signs of distress were noted . . . and the structural items of concern mentioned in [the Description of Property and Building Condition] are considered minor and can be remedied as part of a general building maintenance program."

INTRODUCTION

Nature of the Transaction

A plan for condominium ownership of the Land and Building known as The St. Regis Hotel located at Two East 55th Street, New York, New York ("Property") pursuant to the terms of Article 9-B of the Real Property Law of the State of New York ("*Condominium Act*") will be established by the filing of a Condominium Declaration in the Register's Office. The Condominium will be known as "*The Fifth and Fifty-Fifth Condominium*". The Condominium will consist of one (1) Hotel Unit, one (1) Retail Unit, twenty-four (24) Suite Units on Floors 10 and 11 and twenty-two (22) Club Units on Floors 8 and 9.

SLT Palm Desert, L.L.C.; SLT Realty Limited Partnership; Prudential HEI Joint Venture; and SLT St. Louis, L.L.C., (collectively, "*Fee Owner*") acquired the Property, an approximately 22,554 square foot parcel, and the existing improvements located at Two East 55th Street, New York, New York in 1998. Fee Owner owns the Property acting as a joint venture controlled by Starwood Hotels & Resorts Worldwide, Inc. ("*Starwood*"). Following the recording of the Condominium Declaration, fee title to the Club Units will be conveyed to St. Regis Club, New York Inc. ("*Sponsor*"), an entity affiliated with, and controlled by, Starwood.

This offering plan ("*Offering Plan*") is presented for the sale to the public of Club Interests in the Club Units by Sponsor.

Either before or after the recording of the Declaration, the areas of the present Building which will constitute the Club Units offered hereunder will be renovated and refurbished (including the installation of new furniture, upgraded fixtures, finishes, carpeting, systems, wall treatments, etc.) as set forth in the Description of Property and Specifications set forth in Part II of the Offering Plan.

The Offering Plan

The purpose of the Offering Plan is to set forth in detail all material facts relating to the offering of the Club Interests in the Club Units in the Club. The Offering Plan contains all of the detailed terms of the transaction.

Sponsor may from time to time amend the Offering Plan by filing an amendment with the New York State Department of Law ("*Department of Law*") and serving such amendment on Purchasers and Club Members.

The Offering Plan is presented in two parts which together constitute the entire Offering Plan. Part I sets forth a general description of the Offering Plan and Part II contains the basic documents necessary to effectuate the provisions of the Offering Plan. Also included in Part II is a detailed description of the Property, an opinion as to certain tax matters discussed in the Offering Plan, certifications of Sponsor and certain experts. Copies of the Offering Plan, including all documents referred to herein and all Exhibits submitted to the Department of Law in connection with the filing of the Offering Plan will be available for inspection by prospective Purchasers and their attorneys without charge and for copying at a reasonable charge at Sponsor's office. All of these documents are important and should be carefully read by prospective Purchasers. Prospective Purchasers are also advised to consult with their own attorneys or other advisers before agreeing to purchase. The Offering Plan may be borrowed upon payment of a one hundred (\$100) dollar deposit, which amount will be fully refunded upon either (i) the prompt return of the Offering Plan in good condition or (ii) the execution by the prospective Purchaser of a Purchase Agreement subsequently accepted by Sponsor.

All capitalized terms used in the Offering Plan shall have the meanings ascribed thereto in the Section of the Offering Plan entitled "Definitions", unless otherwise indicated.

Offering of Club Interests for Sale

Club Interests are offered for sale in Club Units located on Floors 8 and 9 by Sponsor under the Offering Plan. The prices for each of the Club Interests offered under the Offering Plan are listed in the Section entitled "Schedule A - Purchase Prices And Related Information" ("*Schedule A*"). THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

Sponsor reserves the right to limit the number of Club Interests sold to any Purchaser and to make bulk sales of Club Interests.

Prices are negotiable and different Purchasers may pay different prices for nearly identical Club Interests depending on the time purchased.

There are no limitations on who may purchase Club Interests in the Club, except that Sponsor will not accept a Purchase Agreement from any individual under eighteen (18) years of age or any Person whose name is identified on the list of Specially Designated Nationals and Block Persons generated by the office of Foreign Assets Control of the U.S. Department of the Treasury or any successor agency.

Sponsor shall not discriminate against any Person because of race, creed, color, sex, sexual orientation, disability, marital status, age, ancestry, national origin or other ground proscribed by Law. No binding obligation will arise for the sale of a Club Interest unless and until a Purchase Agreement executed by both Purchaser and Sponsor has been exchanged and Sponsor has collected the funds constituting Purchaser's required Deposit thereunder (see the Section of the Offering Plan entitled "Procedure to Purchase" for more details).

THE PURCHASE OF A CLUB INTEREST HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY BEFORE THE EXPIRATION OF THE SEVEN (7) BUSINESS DAY CANCELLATION PERIOD (SEE PAGE 1).

The Club

Each Club Unit committed to the Club will be divided into fifty-two (52) Club Weeks. Each Club Week will consist of seven (7) consecutive days. Sponsor intends (but is not obligated) to sell Club Weeks in increments of four to create a "Club Interest". A Club Interest means an interest in a Club Unit submitted to the Club Declaration which gives the Club Member the right to reserve up to twenty eight (28) days (four Club Weeks) in a Club Unit every Use Year. Each Club Interest includes the right to confirm the reservation of seven (7) consecutive days for the time period and Club Unit referenced on the Club Member's deed. This period of time is called "Fixed Time". The Club Interest also includes the right to use a maximum of fifteen (15) weekdays and six (6) weekend days (as listed on the Club Calendar) for a maximum total of twenty one (21) days. This period of time is called "Floating Time". At the beginning of the Priority Reservation Period, the Club Manager will automatically reserve the Fixed Time assigned to each Club Member. Floating Time may be reserved during two reservation periods. The first reservation period for Floating Time is the Priority Reservation Period that begins September 1 and ends September 30 prior to the beginning of the Use Year. The second reservation period for Floating Time is the Open Reservation Period that begins November 1 prior to the beginning of the Use Year and ends the last day of the following Use Year. Reservations made during the Priority Reservation Period are made using a rotation priority system based on each Club Member's assigned priority letter. The order of selection rotates on a yearly basis. Reservations made during the Open Reservation period will be confirmed on a first come, first served basis.

Sponsor anticipates that twelve (12) Club Interests will be sold in each Club Unit and the remaining Club Weeks in each Club Unit will be conveyed by Sponsor to the Club Association for use in the reservation system, maintenance and rental. Sponsor has reserved the right to sell individual Club Weeks or Club Interests consisting of less than four Club Weeks or twenty eight (28) days. Each Club Interest carries with it the right to use the amount of Fixed Time and Floating Time assigned to that Club Interest, together with the right to use, possess and enjoy a Club Unit, commencing at check in on the first day of each confirmed reservation and ending at check out on the last day of the confirmed reservation, subject to the Reservation Procedures. The Reservation Procedures currently provide for a Noon check out and a 4:00 p.m. check in, with the period between check out and check in times reserved for servicing a Club Unit. Each Purchaser should review the Reservation Procedures set forth in Part I of the Offering Plan for information about how Club Weeks will be reserved and used.

Under the Offering Plan, each Purchaser of a Club Interest will acquire a 4/52 undivided interest in a Club Unit, as tenant-in-common with all other Purchasers of Club Interests in such Club Unit. The purchase of a Club Interest is a purchase of a portion of real estate and, therefore, each Purchaser will receive a deed at closing representing the Club Interest acquired. Ownership of a Club Interest entitles Purchaser, subject to the terms and conditions set forth in the Club Documents, to use and occupancy of the Club Unit set forth in Club Member's deed for the Fixed Time portion of Club Member's Club Interest and use and occupancy of a Club Unit Type set forth in Club Member's deed for the Floating Time portion of Club Member's Club Interest. Notwithstanding, the specific

Club Interest acquired, by acceptance of a deed, each Purchaser acknowledges and agrees that all Club Units in the Club shall be available for use by all Purchasers for the Floating Time portion of all Club Interests in accordance with the terms of the Club Documents. Sponsor shall subject a Club Unit to the terms of the Club Documents on or before the recording of the first deed to a Purchaser of a Club Interest in such Club Unit.

Club Members are strictly prohibited from subdividing their Club Interests.

Number and Type of Club Units

The Club may be developed in phases. Club Units are included in the Club by the recording of a Club Declaration and amendments to the Club Declaration in the Register's Office.

There will be twenty-two (22) Club Units on Floors 8 and 9 having an aggregate of two hundred eighty-six (286) Club Interests, consisting of four (4) studios, six (6) one-bedrooms and twelve (12) two-bedroom duplex Club Units ranging in size from approximately 474 to 1,593 square feet which will be completely furnished. The approximate square footages for each of the Club Units are set forth on Schedule A and on the Floor Plans set forth in Part II of the Offering Plan.

The "Description of Property and Building Condition" sets forth in Part II of the Offering Plan contains a Schedule of Personal Property to be included in each Club Unit. Set forth in Part II of the Offering Plan are Floor Plans of the Club Units. The square footages set forth on the Floor Plans are approximate and subject to normal construction variances and tolerances. Sponsor reserves the right to make changes due to unforeseen conditions in accordance with this Offering Plan.

Club Charges

Club Members shall be responsible for annual Club Charges every Use Year which are comprised of Club Expenses and Real Estate Taxes.

The total annual Club Charges for any fiscal year of the Club Association shall be assessed to the Club Interests in proportion to their Club Interest Allocation, subject to: (a) any Club Expense caused by the misconduct of any Club Member(s) which may be assessed exclusively or on such other equitable basis as the Club Board shall determine against such Club Member(s); and (b) any expenses which are charged equally to the Club Units.

Sale Subject to Club Documents

The right to reserve, use and occupy a Club Unit, is subject to the terms and conditions set forth in the Club Declaration, the Club By-Laws and Club Reservation Procedures, as the same may be amended from time to time, and is on a first-come, first-served basis.

Club Amenities

Each Club Unit will contain amenities as part of the furnishings more fully set forth in the List of Personal Property set forth in Part II of the Offering Plan, which shall be installed prior to Closing. Club Members will have access to certain hotel services on the same basis as hotel guests. Hotel services initially available to Club Members and Occupants of Club Units include the spa facilities, concierge and transportation services, as well as various restaurants and in-room dining services. Club Members may be required to pay fees for certain services offered at the spa, but only to the extent such fees are also charged to hotel guests. Club Members will be responsible for all food, beverage and dining service charges at the same rate as guests of the Hotel Unit.

Additional Phases

The Hotel Unit and/or the Suite Units and/or the Club Units may be subdivided in the future into one or more additional Units and such newly created Units may be included in the Club, in the sole discretion of Sponsor, pursuant to a duly filed amendment to the Plan.

Exchanges

The Club Association may endorse, but has not at this time endorsed, an internal or external exchange program. Until the Club Association enters into a binding agreement with an exchange company, which satisfactorily affects the costs of administration, front desk, and other services provided to exchange users, and provides for such terms and provisions as exchange trading power, exchange user liability, and the procedures for confirming exchanges, the Club Association will not recognize or honor external exchanges. In the event the Club Association does endorse an internal or external exchange program in the future, it will be disclosed in a duly filed amendment to the Plan.

Basic Aspects of Club Ownership

When a Purchaser acquires a Club Interest in a Club Unit, Purchaser shall be entitled, depending upon the type of Club Interest owned, and subject to the terms and conditions set forth in the Club Documents, to use, and occupancy of a Club Unit and use of the Hotel Limited Common Elements.

A Purchaser of each Club Interest shall own a 4/52 undivided portion of a specific Club Unit in the Club as tenant-in-common with all other Purchasers of Club Interests in that same Club Unit. Purchaser shall be responsible for Club Charges which are comprised of Club Expenses and Real Estate Taxes.

The Club Association will be formed for the purpose of managing, operating and maintaining the Club Property and the Club reservation system pursuant to the Club Documents. Each Purchaser of a Club Interest shall have membership and voting rights in the Club Association on the basis of one vote per Club Interest. The Club Association will delegate its management, maintenance and operation duties for the Club to the Club Manager.

Each Purchaser is responsible to the Club Association for all regular Club Charges and special Assessments and personal charges under the Club Documents, beginning in the calendar year in which Closing occurs. Non-assessed personal charges, such as long distance telephone charges, additional housekeeping services, fees for certain hotel services (such as room service or spa treatments) will be based on a fee per service basis. Sponsor is responsible for paying Club Charges on the Club Interests it owns, except during the period Sponsor's Club Charge Guaranty is in effect. In addition, Sponsor will pay any deficiency between the amounts assessed and the Club Charges necessary to operate the Club during fiscal year 2006. Purchaser's Club Charges and personal charges may be changed, increased or decreased if the cost to manage or operate the Club increases or decreases in the future. Operating funds for the Club Association will be deposited in separate accounts controlled by the Club Manager and will not be commingled by the Club Manager with other funds held by the Club Manager for the benefit of other unrelated owners' associations or with its own funds. Reserve funds will be maintained in separate accounts from operational funds. The Club Manager must account to the Club Association for receipt and disbursement of Club Association funds and is required to provide a financial report for each calendar year in accordance with the requirements of the Club Documents. Sponsor has no right to borrow from the maintenance or reserve funds, nor may Sponsor authorize borrowing from the funds by any other parties. The Club Manager controls and disburses the funds of the Club Association. The Club Association's budget and billing cycle are currently prepared on a calendar year basis.

Sponsor will control the Club Association through the appointment of all members of the Club Board during the Sponsor Control Period. Sponsor may, at its sole discretion, relinquish control of the Club Board at any earlier time. To the extent that the Condominium Documents provide for representation of the Club Units on the Condominium Board, all such representatives shall be selected by the Club Board on behalf of the Club Members. All votes affecting the Condominium required under the Condominium Documents shall be cast by the Club Board Member on behalf of the Club Association.

Use of the Club Property is subject to the terms and conditions of the Club Documents and is limited solely to the use of Club Members and their Permitted Users.

So long as Sponsor owns any Club Interest, the sale, transfer, or assignment of a Club Interest by a Club Member is subject to Sponsor's right of first refusal that runs with the land to purchase any Club Interest that is offered for resale for a period of three (3) years from the Closing Date of the Club Interest, on the same terms and conditions as those offered to or by a bona fide third party, including financing. Transfers, assignments or sales to a

Club Member's immediate family or other entities related to Club Member, such as affiliates or subsidiaries are not subject to Sponsor's right of first refusal.

Each Club Unit is taxed as a separate tax lot for purposes of Real Estate Taxes. Each Club Member will be required at closing to execute and deliver to the Club Association a Club Power of Attorney, the form of which is set forth in Part II of the Offering Plan, designating the Club Association for Real Estate Taxes purposes only as the "record owner" of the Club Unit, and "a person claiming to be aggrieved by any assessment" on the Club Unit. Pursuant to the Club Power of Attorney, the Club Association will have the power, among other things, to: (a) complete and file an owner's registration card and "in rem" card naming the Club Association as owner to receive any notices or bills for Real Estate Taxes, (b) act as agent of Club Member for the service of process or the receipt of any notice in any "in rem foreclosure" proceeding instituted or commenced by or on behalf of the City of New York, (c) act as agent of Club Member for the service of process or the receipt of any notice in any sale of tax lien(s) or foreclosure of tax lien(s), (d) pursue, appeal, settle and/or terminate any "in rem foreclosure" or sale of tax lien(s) proceeding or action, (e) commence, pursue, appeal, settle and/or terminate any administrative and certiorari proceedings to obtain reduced real property assessments and Real Estate Taxes and (f) do any thing or take any action set forth in subdivision (5) of the Club Power of Attorney and the Club Declaration. The Club Power of Attorney provides that Club Member expressly waives the right to do any of the foregoing things delegated by Club Member to the Club Association. Club Members will be responsible for the payment of their allocated share of Real Estate Taxes for the Club Unit. The Club Unit in which a Club Member purchased a Club Interest will be subjected to a lien arising from the non-payment of Real Estate Taxes assessed against the Club Unit. Real Estate Taxes assessed against each Club Unit will be collected by the Club Association from the Club Members of each Club Unit as part of the Club Charges. The Club Association will pay the Real Estate Taxes to the City of New York and/or the New York City Water Board on behalf of the Club Members.

The Club Association will obtain "all risk" insurance with an agreed amount replacement value policy. The Club Association will also procure public liability insurance for the Club. The cost of any insurance obtained and maintained by the Club Association is a Club Expense and will be included in the Club Budget. No insurance other than that obtained and maintained by the Club Association has been obtained for a Club Member. If desired, each Club Member shall obtain insurance coverage upon the Club Member's personal property at the Club Member's own expense, and such insurance shall not be the responsibility of the Club Association.

The cost of operating the Club will be borne entirely by the Club Members (except to the extent that Sponsor may assume a portion of such cost pursuant to Sponsor's Club Charge Guaranty). As more particularly set forth in the Club Documents, the Club Board will determine the amount of the Club Expenses. On an annual basis, or at such other times as the Club Board determines, the Club Association will assess Club Members for Club Charges to meet Club Expenses and Real Estate Taxes. The Club Charges allocated to each Club Interest are set forth in the Section of the Offering Plan entitled "Schedule B - Club Budget". Set forth in Part II of the Offering Plan is a "Certification of Club Budget Expert".

Sponsor may designate one or more Club Interests to be used for maintenance purposes. Sponsor may, in its sole discretion, convey such Club Interests to the Club Association for no consideration. The Club Association will, however, be responsible for paying all closing costs, including transfer taxes and recording and filing fees, as well as any future Club Expenses, Common Expenses and Real Estate Taxes attributable to such Club Interests.

Basic Features of Condominium Ownership

The Club Units are located in a mixed-use Condominium. As such, each of the Club Units in the Club are subject to the terms and conditions of the Condominium Documents. Club Members will have representation on the Condominium Board through the Club Association. Each Club Member owns, in common with the owners of all other Units, an undivided interest in (and right to use) the Common Elements of the Condominium, including the Hotel Limited Common Elements in accordance with the easements granted in the Condominium Declaration. The rights of a Club Member under the Condominium Documents shall be exercisable only by the Club Association through the Club Board Member.

The Property will be submitted to the provisions of the Condominium Act by the recording of a Condominium Declaration in the Register's Office. The Condominium will comply with all statutes and regulations applicable to condominiums in the State of New York.

The cost of operating the Building will be borne entirely by the Unit Owners in proportion to their respective share of the Common Interests. As more particularly set forth in the Condominium Documents, the Condominium Board will determine the amount of Common Expenses. On a monthly basis or at such other times as the Condominium Board determines, the Condominium Board will assess Unit Owners for Common Charges to meet Common Expenses. Such Common Charges will be assessed against Unit Owners in proportion to their respective Common Interests in accordance with Sections 339-i and 339-m of the Condominium Act. The Common Charges for each Unit are set forth in the Section of the Offering Plan entitled "Schedule C - Condominium Budget". Set forth in Part II of the Offering Plan is a "Certification of Condominium Budget Expert".

The Condominium Board will be solely responsible for maintaining casualty and liability insurance with respect to the Common Elements. See the Section of the Offering Plan entitled "Rights and Obligations of the Condominium Board" for a more complete discussion of the foregoing.

Suite Units

The Condominium will include a total of twelve (12) Suite Units located on the tenth floor of the Building. The Suite Units are being offered for sale by Suite Sponsor pursuant to a separate Offering Plan. The Suite Units are being sold on a whole ownership basis.

Hotel Unit

The Hotel Unit is presently being operated as The St. Regis® New York, a full service luxury hotel. A 1904 Beaux Arts landmark in the heart of midtown Manhattan, The St. Regis® provides the atmosphere and attentive service found only in the most gracious residences of that era. Yet it still keeps up to date with modern amenities, such as high speed Internet access available in all guest and meeting rooms. Its 257 guest rooms and suites feature Louis XVI-style furniture, crystal chandeliers suspended from high ceilings, deeply carved crown moldings and wainscoting, marble baths, and silk wall coverings. Most recently, it was named to both Condé Nast Traveler's 2002 Gold List and Condé Nast Traveler's 2001 Reader's Choice Awards List. The hotel has been awarded both the 2003 Mobil Travel Guide Five-Star Award as well as the AAA Five Diamond Award.

In addition to guestrooms, the facilities of The St. Regis® New York currently include a health club, meeting facility, business center, boutique, retail space, barber/beauty salon, ballroom, restaurant and support space. The main entrance to The St. Regis® New York is accessed by an entrance on East 55th Street which entrance will also serve as the entrance for the Condominium. A large marquee marks this entrance. Reception and lobby areas, which include areas that are classified as Hotel Limited Common Elements but which are subject to easements in favor of the Unit Owners and Occupants of the Suite Units and Club Units, are accessed via the stairs at this lobby entrance.

Although it is currently anticipated that affiliates of Sponsor will retain ownership of the Hotel Unit, no representation is made with respect to the type or identity of the owner, tenants or occupants of any portion of the Hotel Unit at any time, or the purposes for which any portion of the Hotel Unit may be used at any time.

Hotel Limited Common Elements

The Hotel Limited Common Elements consist of the following: (a) all entrances, passages, corridors, areas and spaces (including their respective floors, ceilings and enclosing walls) on the ground floor of the Building and not part of any Unit or General Common Element; (b) all passage, corridors, areas and spaces on floors containing hotel guest rooms and on Floors 8, 9, 10 and 11 connecting the passenger elevators and any Suite Unit or Club Unit and not part of any Unit as more specifically set forth on the Floor Plans; (c) the passenger elevators and the entrances thereto; (d) all housekeeping closets and linen chutes in Building as more specifically set forth on the Floor Plans; (e) security monitors and equipment and other security facilities serving or benefiting only the Hotel Unit; (f) all other systems, installations and facilities of the Building (including shafts, pipes, wires, ducts, vents, cables, conduits and lines) which exclusively serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of the Hotel Unit; and (g) all other parts of the Property either existing for the exclusive use of the Hotel Unit or that are necessary or convenient for the existence, maintenance, operation or safety of the Hotel Unit (and which are not General Common Elements or included as part of any Unit).

In general, all corridors serving the Hotel's guest rooms and the Suite Units and Club Units will be Hotel Limited Common Elements, maintained by the Hotel Unit Owner and all of which will generally be decorated

consistently with one another and in accordance with the standards of the hotel; and the cost of such maintenance and decoration, etc. shall be a Common Expense allocated as set forth in the Condominium By-Laws and as shown in the budget set forth as Schedule B in Part I of the Offering Plan.

Retail Unit

The Retail Unit is presently being operated as retail store space.

Although it is currently anticipated that affiliates of Sponsor will retain ownership of the Retail Unit, no representation is made with respect to the type or identity of the owner, tenants or occupants of any portion of the Retail Unit at any time, or the purposes for which any portion of the Retail Unit may be used at any time.

DEFINITIONS

"Adjoining Properties" shall mean the parcels of land and the improvements now or hereafter existing or constructed thereon, located at 14 East 55th Street and at 697 Fifth Avenue, which are contiguous with the parcel on which the Condominium will be located. The Condominium and/or certain of the Commercial Units will have cross-easements with the property located at 697 Fifth Avenue.

"Alternative Club Week" shall mean an unreserved and available seven-day period of time that a Club Member may reserve by releasing the reservation of their Fixed Time.

"Assigned Priority Designation or Priority Designation" shall mean the number and letter assigned to a Club Interest, as designated on the Club Member's deed. A Priority Designation will be assigned at the time a Club Interest is conveyed in a Club Unit. An Assigned Priority Designation determines the reservation selection priority for the Floating Time assigned to each Club Interest during the Priority Reservation Period. A Club Interest's reservation selection priority will rotate on a yearly basis as determined by the Club Manager and set forth on the Priority Use Schedule.

"Building" shall mean the building and improvements including above and below grade segments, located at Two East 55th Street, New York, New York 10022 situated on the Land in which the Units of the Condominium are located. The Building expressly excludes the Adjoining Properties.

"Building Department" shall mean the Department of Buildings of The City of New York or any successor agency.

"Building Standards" shall mean standards of operation, management, maintenance, appearance and quality as are appropriate for and consistent with a building containing a hotel of the type, quality and level of service as is in operation from time to time within the Hotel Unit. Initially and for so long as the Hotel Unit is being operated using "The St. Regis®" and "The St. Regis® New York" trade names and the "St. Regis®" trademark (collectively, *"Hotel Name Rights Intellectual Property"*), the Hotel Unit and the Condominium must be operated, managed and maintained according to the standards established by the Hotel Name Rights Holder (or such other owner of the Hotel Name Rights Intellectual Property) to protect the Hotel Name Rights Intellectual Property (*"St. Regis Standards"*). The removal of the St. Regis designation from the Hotel Unit may occur if, among other things, the Hotel Unit is sold or if the Hotel Unit or the Building is not managed, operated, and maintained in a manner meeting or exceeding the St. Regis Standards.

"Closing of Title" or *"Closing"* shall mean the date upon which, among other things, a Club Interest in a Club Unit is conveyed to a Purchaser.

"Club" shall mean Fifth and Fifty-Fifth Residence Club, the Club Property and the Club Reservation System which have been subjected to the provisions of the Club Documents. The Club is not a multisite vacation club or exchange company.

"Club Articles" shall mean the Articles of Incorporation for the Club Association, as the same may be amended from time to time.

"Club Association" shall mean the Fifth and Fifty-Fifth Residence Club Association Inc., a not-for-profit corporation organized under the Laws of the State of New York, and its successors, which is responsible for the maintenance of the Club Property, the Club reservation system and the operation of the Club.

"Club Board" shall mean the board of directors of the Club Association.

"Club Board Member" shall mean the member of the Condominium Board designated, from time to time, by the Club Board. Except for members designated by Sponsor, a Club Board Member must be a Club Member.

"Club Budget" shall mean the Section of the Offering Plan entitled "Schedule B - Club Budget". The Club Budget is sometimes referred to as "Schedule B".

"*Club By-Laws*" shall mean the by-laws of the Club Association, as they may be amended from time to time.

"*Club Calendar*" shall mean the calendar established every year by the Club Association or the Club Manager establishing the Club Weeks and identifying weekend days and weekdays for purposes of the Float Time reservations. Club Week number one will begin with the first week containing the first Friday in January.

"*Club Charges*" shall mean the annual, special and default charges assessed by the Club Board to Club Members in accordance with the Club Documents to meet the Club Expenses and Real Estate Taxes. Club Charges are set forth on Schedule B.

"*Club Declaration*" shall mean the Declaration and Plan of Club Ownership for the Fifth and Fifty-Fifth Residence Club, as the same may be amended from time to time.

"*Club Documents*" shall mean the Club Declaration, the Club By-Laws, the Club Reservation Procedures, the Club Articles, the Club Power of Attorney, the Club Rules and Regulations and any other documents which govern the operation of the Club, as the same may be amended from time to time.

"*Club Expenses*" shall mean all costs and expenses to be incurred generally by Club Members pursuant to the Club Documents in connection with: (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to the Club; and (ii) generally, the conduct of the affairs of the Club Association; (iii) Real Estate Taxes assessed against the Club Interests by the City of New York and/or the New York City Water Board; and (iv) Condominium Common Charges assessed against the Club by the Condominium Board. Club Expenses are set forth on Schedule B.

"*Club Interest*" shall mean an interest in a Club Unit submitted to the Club Declaration which gives Club Member the right to reserve up to twenty-eight (28) days in a Club Unit for Club Member's use every Use Year. Each Club Interest includes the right to confirm the reservation of seven (7) consecutive days for the time period and Club Unit referenced on Club Member's deed. This period of time is called "Fixed Time." The Club Interest also includes the right to use a maximum of fifteen (15) weekdays and six (6) weekend days (as listed on the Club Calendar) for a maximum total of twenty-one (21) days. This period is called "Float Time."

"*Club Interest Allocation*" shall mean the number of Club Interests allocated to all Club Units of the same Club Unit Type.

"*Club Management Agreement*" shall mean any contract or arrangement entered into for the purposes of discharging the responsibilities of the Club Board relative to the operation, maintenance, and management of the Club Property.

"*Club Manager*" shall mean St. Regis New York Management Inc. or any other Person or Persons engaged by the Club Association to maintain the Club Property, the Club reservation system and to manage the Club at the time in question.

"*Club Member*" shall mean any Person or Persons who hold fee title, of record, to one or more Club Interests (including a contract seller, but excluding a contract purchaser) at the time in question. Club Member shall not include any Permitted Mortgagee unless such Permitted Mortgagee has acquired record title pursuant to foreclosure or any proceeding in lieu of foreclosure.

"*Club Power of Attorney*" shall mean the power of attorney each Club Member is required to deliver to the Club Board and Sponsor in accordance with the provisions of the Club Declaration.

"*Club Property*" shall mean the Club Units and all of the Club Unit Furnishings.

"*Club Reservation Procedures*" shall mean the Fifth and Fifty-Fifth Residence Club Reservation Policies and Procedures which regulate the reservation and confirmation of use and occupancy of Club Units by Club Members, which Policies and Procedures have been adopted and/or amended from time to time by the Club Board in accordance with the Club Declaration.

"*Club Reservation System*" shall mean the reservation system which implements the use of the Club Units in accordance with the Club Reservation Procedures.

"*Club Rules and Regulations*" shall mean the rules and regulations for the management, preservation, safety, control and orderly operation of the Club in order to effectuate the intent and to enforce the obligations set forth in the Club Documents, as adopted and/or amended from time to time by the Club Board in accordance with the Club Declaration.

"*Club Unit*" shall mean any of the Club "Units" in the Condominium.

"*Club Unit Furnishings*" shall mean all furniture, appliances, moveable equipment, utensils, carpeting, and other personal property located within a Club Unit conveyed to the Club Association and held in trust for the benefit of the Club Members.

"*Club Unit Type*" shall mean the classification of a particular category of Club Unit such as: studio; one-bedroom; two-bedroom duplex, or any other classification determined by Sponsor which is disclosed in the Offering Plan. During Floating Time usage, Club Members will be assigned a particular Club Unit that is the same as their Club Unit Type. Club Units in each Club Unit Type may vary in size and number of bathrooms.

"*Club Week*" shall mean a period of seven (7) consecutive days of exclusive possession and occupancy of a Club Unit pursuant to a schedule established by Sponsor or in a deed conveying the initial Club Interest in the Club Unit to a Club Member. A Club Week begins on Friday at 4:00 P.M. and ends on the following Friday at noon.

"*Commercial Board Members*" shall mean the members of the Condominium Board designated, from time to time, by the Commercial Unit Owners.

"*Commercial Units*" shall mean the Hotel Unit and the Retail Unit.

"*Commercial Unit Owner*" shall mean any Person or Persons who hold fee title, of record, to the Commercial Units at the time in question.

"*Common Charges*" shall mean the charges allocated and assessed by the Condominium Board to the Unit Owners, pro-rata, in accordance with their respective Common Interests (except as otherwise provided in the Condominium Declaration or in the Condominium By-Laws or in the Condominium Budget) to meet the Common Expenses. Common Charges are set forth on Schedule C.

"*Common Elements*" shall mean the Property, other than the Units themselves, being comprised of the General Common Elements and the Hotel Limited Common Elements.

"*Common Expenses*" shall mean all costs and expenses to be incurred generally by the Unit Owners pursuant to the Condominium Declaration and/or the Condominium By-Laws in connection with: (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the Common Elements; (ii) the establishment and/or maintenance of a general operating reserve, or a reserve fund for working capital, for replacements with respect to the Common Elements, or to make up any deficit in the Common Charges for any prior year(s); and (iii) generally, the conduct of the affairs of the Condominium. Common Expenses are set forth on Schedule C.

"*Common Interest*" shall mean the proportionate undivided interest, expressed as a numerical percentage, in the Common Elements appurtenant to each Unit, as determined in accordance with the Condominium Declaration. The total of all Common Interest percentages appurtenant to all Units equals 100%. The Common Interest attributable to each Unit is set forth on Exhibit B annexed to the Condominium Declaration.

"*Condominium Act*" shall mean the New York Condominium Act, as it exists on the date of recording the Condominium Declaration, and presently found in New York Real Property Law, Article 9-B.

"*Condominium Board*" shall mean the board of managers of the Condominium who will manage the affairs of the Condominium.

"*Condominium Budget*" shall mean the Section of the Offering Plan entitled "Schedule C - Condominium Budget". Condominium Budget is sometimes referred to herein as "Schedule C".

"*Condominium By-Laws*" shall mean the by-laws governing the operations of the Condominium, which are set forth as Exhibit D to the Condominium Declaration, as the same may be amended from time to time pursuant to the terms thereof.

"*Condominium Declaration*" shall mean the instrument creating the Condominium, as the same may be amended from time to time.

"*Condominium Documents*" shall mean the Condominium Declaration, the Condominium By-Laws and the Condominium Rules and Regulations.

"*Condominium Rules and Regulations*" shall mean the rules and regulations of the Condominium, which are adopted by the Condominium Board, as the same may be amended from time to time pursuant to the terms of the Condominium By-Laws.

"*Condominium*" shall mean The Fifth and Fifty-Fifth Condominium established pursuant to the terms of the Condominium Declaration and which is governed pursuant to the terms of the Condominium By-Laws.

"*Costs of Enforcement*" shall mean all monetary fees, fines, late charges, interest, expenses, costs, including receiver's and appraiser's fees, and reasonable attorneys' fees and disbursements, including legal assistants' fees, incurred by the Club Association in connection with the collection of Club Charges or in connection with the enforcement of the terms, conditions and obligations of the Club Documents.

"*Declarants*" shall mean SLT Palm Desert, L.L.C.; SLT Realty Limited Partnership; Prudential HEI Joint Venture; and SLT St. Louis, L.L.C. and any of their respective designees, successors and assigns. "Declarants" shall individually mean a "Declarant".

"*Deposit*" shall mean all deposits, downpayments, advances, payments or loan payments made by Purchasers prior to the Closing of a Club Interest, including any payments made on account of Club Charges, financing arrangements, closing costs and the like.

"*Environmental Laws*" shall mean all federal, state and local laws, rules, regulations, ordinance, requirements and orders, whether now existing or hereafter enacted, promulgated or issued, regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material and/or the protection of human health and the environment.

"*Facilities*" shall mean all personal property and fixtures now or hereafter existing in, on, or under the Land or the Building and either existing for the common use of the Units, the Unit Owners, the Club Members or necessary or convenient for the existence, maintenance, or safety of the Property or the Club, as the case may be.

"*Filing Date*" shall mean the date a letter is issued by the Department of Law accepting the Offering Plan or an amendment to the Offering Plan, as the case may be, for filing.

"*First Closing of a Club Interest*" shall mean the Closing of Title with respect to the first Club Interest in a particular Club Unit.

"*Fixed Time*" shall mean the Club Week designated on the Club Member's deed in the Club Unit designated on the Club Member's deed. Sponsor will not sell more than fifty percent (50%) of a particular Club Week as Fixed Time in each Club Unit Type.

"*Floating Time*" means the fifteen (15) weekdays and six (6) weekend days, as established on the Club Calendar, of a Club Member's Club Interest, in the Club Unit type that is the same as the Club Unit designated on the Club Member's deed. Floating Time is reserved during the either the Priority Reservation Period or during the Open Reservation Period. A Club Member may have up to four (4) reservations for Floating Time confirmed at any given time during a particular Use Year.

"Floor Plans" shall mean the floor plans of the Units certified by a professional engineer or licensed architect, filed in the Register's Office simultaneously with the recording of the Condominium Declaration, together with any supplemental floor plans thereto.

"General Common Elements" shall mean those certain portions of the Property (other than the Units) and the Hotel Limited Common Elements, as well as those Facilities therein, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property, as more particularly described in the Condominium Declaration.

"Hazardous Materials" shall mean petroleum products, asbestos, polychlorinated biphenyls, radioactive materials and all other dangerous, toxic or hazardous pollutants, contaminants, chemicals, materials or substances listed or identified in, or regulated by, any Environmental Law.

"Hotel Limited Common Elements" shall mean those portions of the Property (other than the Units) existing for the use and enjoyment of the Hotel Unit Owner subject to the easements granted to other Unit Owners and Club Members set forth in the Condominium Declaration.

"Hotel Operator" shall mean any Person operating the hotel in the Hotel Unit, whether as the Hotel Unit Owner, lessee of the Hotel Unit, or as an agent, manager or independent contractor of, or otherwise on behalf of, the Hotel Unit Owner, pursuant to a hotel management agreement or otherwise. Initially, St. Regis New York Operating LLC, a Delaware limited liability company and an affiliate of Starwood, having an office at 1111 Westchester Avenue, White Plains, New York 10604 will be the Hotel Operator. Sponsor makes no representation whatsoever with respect to the continuation of such Hotel Operator or the identity of any subsequent Hotel Operator. The term "Hotel Operator" when used in the Offering Plan with respect to any time after St. Regis New York Operating LLC shall have been replaced as the Hotel Operator shall mean such other entity then operating the hotel within the Hotel Unit.

"Hotel Unit" shall mean the one (1) hotel "Unit" in the Condominium.

"Hotel Unit Owner" shall mean any Person or Persons who hold fee title, of record, to the Hotel Unit at the time in question.

"Land" shall mean the land located in the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York in Section 5 known as Block 1290 and Lot 69 and more particularly described on Exhibit A to the Condominium Declaration. The Land expressly excludes the Adjoining Properties.

"Landmarks Commission" shall mean the Landmarks Preservation Commission of the City of New York or any successor agency.

"Landmarks Law" shall mean Chapter 3 of Title 25 of the New York City Administrative Code.

"Law" shall mean those laws and ordinances of any or all of the Federal, New York State, New York City, County and Borough governments, the rules, regulations, orders and directives of any or all departments, subdivisions, bureaus, agencies, or offices thereof or of any other governmental, public or quasi-public authorities or officers having jurisdiction over the Property, the Condominium, the Club or the Club Association which are applicable at the time in question. The term "Law" is sometimes referred to as "Legal Requirements."

"Majority of Club Members" shall mean a majority (or any greater percentage that may be specifically required for a particular action or authorization by the terms of the Club Documents) of the total voting power of the Club Members.

"Managing Agent" shall mean St. Regis New York Operating LLC, an affiliate of Starwood.

"Member in Good Standing" shall mean a Club Member who is current in the payment of all outstanding amounts owed to the Club Manager or Sponsor that relate to the Club Member's ownership of a Club Interest.

"Non-Principal Residence" shall mean a single-family dwelling unit which is not occupied by any individual natural person in excess of 182 days in any calendar year.

"Offeree" shall mean a Purchaser who has executed and delivered a Purchase Agreement to Sponsor or Selling Agent and whose Purchase Agreement is in effect, and a Club Member.

"Open Reservation Period" means the period of time when Club Members may request reservations of their Floating Time on a first come, first served basis. The Open Reservation Period begins on November 1 prior to the beginning of the Use Year and ends on the last day of the following Use Year. For example, the Open Reservation Period for the 2006/2007 Use Year will begin on November 1, 2006 and continue until December 31, 2007.

"Permitted Mortgage" shall mean a first mortgage or security interest placed upon a Club Interest.

"Permitted Mortgagee" shall mean any holder of a Permitted Mortgage at the time in question.

"Permitted User" shall mean any of Declarants, Sponsor, Suite Sponsor, Unit Owners, the Condominium Board, the Club Board, Club Members (and any individual(s) designated by the Primary Owner who may make reservations of Club Weeks for a particular Club Interest) and their successors and assigns, and all officers, stockholders, principals, partners, employees, members, agents (including selling and managing agents), guests, exchangers, contractors, tenants, invitees, Permitted Mortgagees, invitees and licensees of any of the foregoing who has permission to use a Unit and/or the Common Elements, subject to the terms of the Condominium Documents and the Club Documents, whether written or oral, granted by a Unit Owner or Club Member, the Condominium Board, the Condominium Documents, the Club Board, the Club Documents or the Offering Plan.

"Person" shall mean any natural person, partnership, corporation, limited liability company, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity.

"Plan and Specifications" shall have the meaning set forth in the Section of the Offering Plan entitled "Introduction" under subsection "Type of Club Interests."

"Presentation Date" shall mean the date on which the Offering Plan or an amendment thereto, as the case may be, is personally delivered or the fifth day after mailing to prospective Purchasers and Club Members following acceptance of the Offering Plan or an amendment thereto for filing the Department of Law.

"Primary Owner" shall mean the individual designated as having exclusive rights to make decisions regarding the Club Interest, including making reservations for the Club Interest.

"Principal Residence" shall mean a residence which is occupied by any individual natural person in excess of 182 days in any calendar year.

"Priority Reservation Period" shall mean the period during which the Fixed Time of each Club Member is automatically reserved by the Club Manager and during which Club Members may choose to release their Fixed Time reservation and request an Alternate Club Week reservation. In addition, during the Priority Reservation Period, Club Members may reserve their Floating Time using the Priority Use Schedule. The Priority Reservation Period begins September 1 and ends on September 30 prior to the beginning of the Use Year. For example, the Priority Reservation Period for the 2007 Use Year will begin on September 1, 2006 and end on September 30 of 2006.

"Priority Use Schedule" shall mean the schedule assigning the priority order in which Club Members select Floating Time during the Fixed Time and Priority Reservation Period. In order to be equitable to all Club Members, the priority order for selecting Floating Time during this time period will rotate on a yearly basis, as determined by the Club Manager and set forth on the Priority Use Schedule. The Priority Use Schedule will be used for reservations of Floating Time during the Priority Reservation Period.

"Property" shall mean the Land, the Building (and any structures attached thereto), all the improvements erected or to be erected on the Land, all easements, rights and appurtenances pertaining thereto and all other

property, real, personal, or mixed, used or intended to be used in connection therewith. The Property expressly excludes the Adjoining Properties.

"*Purchase Agreement*" shall mean the agreement to purchase a Club Interest entered into between Sponsor and Purchaser.

"*Purchaser*" shall mean a purchaser of a Club Interest under a Purchase Agreement with Sponsor.

"*Real Estate Taxes*" shall mean any real property taxes (real estate taxes), water and sewer charges, assessments and any other charges assessed against the Club Interests by the City of New York and/or the New York City Water Board.

"*Register's Office*" shall mean the New York County Office of the Register of The City of New York.

"*Retail Unit*" shall mean the one (1) retail "Unit" in the Condominium.

"*Retail Unit Owner*" shall mean any Person or Persons who hold fee title, of record, to one or more of the Retail Units at the time in question.

"*Schedule A*" shall mean the Section of the Offering Plan entitled "Schedule A - Purchase Prices and Related Information".

"*Schedule B*" shall mean the Section of the Offering Plan entitled "Schedule B - Club Budget".

"*Schedule C*" shall mean the Section of the Offering Plan entitled "Schedule C - Condominium Budget".

"*Selling Agent*" shall mean SVO Residence Club Sales of New York, Inc. or any other Persons employed by Sponsor in connection with the sale, renting, management, operation and/or promotion of Club Interests.

"*Sleeping Capacity*" shall mean the maximum number of persons permitted to occupy a Club Unit. The sleeping capacity for the various Club Unit Types is as follows: six (6) persons in a two bedroom duplex; four (4) persons in a one bedroom; and two (2) persons in a studio.

"*Sponsor*" shall mean St. Regis Residence Club, New York Inc. and any of its designees, successors and assigns.

"*Sponsor Control Period*" shall mean the period ending on the later of: (a) sixty (60) days after the conveyance by Sponsor of ninety percent (90%) of the Club Interests to owners other than Sponsor; or (b) five (5) years after the First Closing of a Club Interest.

"*Suite Board Member*" shall mean the member of the Condominium Board elected (or designated), from time to time, by the Suite Unit Owners.

"*Suite Sponsor*" shall mean Fifth Avenue Hotel Suites LLC and any of its designees, successors and assigns.

"*Suite Unit Owner*" shall mean any Person or Persons who hold fee title, of record, to one or more of the Suite Units at the time in question.

"*Suite Unit*" shall mean any of the suite "Units" in the Condominium.

"*Terrace*" shall mean a terrace, balcony, roof setback, or garden appurtenant to a Unit. All such terraces, balconies, roof setbacks or gardens are, collectively, referred to as the "Terraces".

"*Title Company*" shall mean any reputable title insurance company or abstract company licensed to do business in the State of New York designated by Sponsor to issue fee title insurance and mortgage title insurance to Purchasers of Club Interests.

"Transient Hotel Room" shall mean a room or single suite of rooms used primarily for transient occupancy and may be rented on a daily basis as part of a transient hotel.

"Unaccompanied Guest" shall mean any guest who occupies a Club Unit without a Club Member during a Club Member's confirmed Club Week at the request of such Club Member and with notice to the Club Manager as provided in Reservation Procedures.

"Unit" shall mean any space designated as a Unit in the Condominium Declaration together with its Common Interest. All such Units are collectively, referred to as the "Units".

"Unit Owner" shall mean any owner of a Unit. All such owners of Units are, collectively, referred to as "Unit Owners". In the case of Units in the Club, the rights of a Unit Owner under the Condominium Documents shall be exercisable only by Sponsor and/or the Club Association, as the context requires.

"Unsold Club Interest" shall mean any Club Interest owned or retained by lease or any arrangement by which management and/or financial responsibility is retained, by Sponsor at the time in question.

"Unsold Unit" shall mean any Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by Sponsor or any of the Declarants at the time in question.

"Use Year" shall mean the period of time beginning the first Friday of each January and ending the Thursday before the first Friday of the following January. For example, the 2007 Use Year begins on January 5, 2007 and ends on January 3, 2008.

"Zoning Resolution" shall mean the Zoning Resolution of The City of New York, effective as of December 15, 1961, as the same has been and hereafter may be amended from time to time.

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Location and Zoning

The Building is located at Two East 55th Street on the southeast corner of Fifth Avenue in the Borough of Manhattan, City of New York. The Land has a frontage of approximately 75½ feet on Fifth Avenue and 249½ feet on East 55th Street. The Building and surrounding area is zoned C5-3 and C5-2.5 of the New York City Zoning Resolution which permits residential and many commercial uses. The Property, classified within the Special Midtown District (Mid) and further classified within the Fifth Avenue sub-district under the Zoning Resolution is subject to additional provisions and restrictions with regard to permissible uses within these classifications. Among other things, these restrictions affect the allowable types of retail along Fifth Avenue. The intended use of the Building as described in accordance with the provisions of the Offering Plan will be in compliance with the current requirements of the Zoning Resolution.

The Building has been landmarked by the Landmarks Commission under the Landmarks Law. The Landmarks Law protects the improvements and landscape features of certain properties and areas which reflect the City's rich cultural, social, economic, political and architectural history. Pursuant to the Landmarks Law, if the Condominium Board or any Unit Owner desires to make any alteration, addition, improvement or repair in or to a Unit (other than ordinary repair and maintenance as defined in Section 302 of the Landmarks Law) which affects any exterior architectural feature of the Building, then, in addition to obtaining any necessary consent from the Condominium Board, such party must first obtain approval from the Landmarks Commission. Club Members are not permitted to make any alterations to any part of the Club Property or the Common Elements of the Condominium.

The Building

The Building is currently operated as the internationally acclaimed St. Regis® New York, the original Beaux Arts classic landmark built by Colonel John Jacob Astor IV in 1904, which is consistently ranked as one of the world's finest hotels. The site of the original St. Regis®, at Fifth Avenue and 55th Street, was a residential neighborhood when Astor broke ground for it in 1902. He wanted to create a hotel where gentlemen and their families could feel as comfortable as they would as guests in a private home; in fact, he frequently used The St. Regis® as a place for his personal guests and visiting relatives to stay at his invitation. For their comfort, Astor introduced such "modern" conveniences as telephones in every room, a fire alarm system, central heating and an air-cooling system that efficiently predated modern air conditioning and allowed each guest to control the temperature of his room. Mail chutes were installed on each floor, a newsworthy innovation at that time. One of the hotel's other novel features was a special design "for the disposition of dust and refuse" - one of the first central vacuum systems. All maids had to do was plug their vacuum cleaner's hose into sockets situated throughout the hotel.

The original hotel was built in 1904, designed by Trowbridge and Livingston. The 1927 extension, designed by Sloan and Robertson, complemented the original design and expanded the hotel further east along East 55th Street. The Beaux Art hotel was given a landmark designation by the New York City Landmarks Preservation Commission, thus any alteration that will affect the historic character of the Building needs to be approved by the Commission, in addition to any approvals required from the Board.

Renovation of the Club Units will be completed substantially in accordance with the Plans and Specifications, and otherwise in accordance with the Law. However, Sponsor reserves the right to amend or modify, in any way, the Plans and Specifications (including, without limitation, changing materials, appliances, equipment, fixtures and other construction details) and substitute in place of any materials, appliances, equipment and fixtures set forth therein or in the Description of Property and Improvement set forth in Part II of the Offering Plan, items of substantially equal or better quality, provided, however, that any material change shall be set forth in an amendment to this Plan, that any necessary approval of any governmental authority having jurisdiction is first obtained, and that no such amendments, modifications or substitutions may be made if the same would materially adversely affect any Purchaser under an Agreement which has been countersigned by Sponsor and returned to the Purchaser unless the same is dictated by construction conditions at the Property (such as coordination of Building systems, conflicts with structural members or elements, conforming with Legal Requirements, unforeseen events, etc. and, in all cases, in good faith, reasonably necessary due to factors not within Sponsor's reasonable control, and where no practicable alternative (in the exercise of sound construction management practices) exists), and in such event, Sponsor will, in

the amendment disclosing such change and delivered to the Purchasers, offer any materially adversely affected Purchaser(s) the right, for at least fifteen (15) days, to rescind their Agreements and receive a refund of their Deposit, together with all interest earned thereon. (Any such changes that are not both material and adverse will not give rise to a right of rescission.)

Under no circumstances shall any Purchasers and offerees under the Offering Plan (or their purchasers or tenants or invitees others) have any claim or recourse whatsoever against or privity with Fee Owner, any Commercial Unit Owner, the Club Sponsor or Starwood or any of their respective affiliates (other than Sponsor), or any of their respective officers, directors, partners, members, managers, shareholders, agents, employees or successors-in-interest or other party/ies claiming through, in connection with the Offering Plan, the renovation of the Suite Units (or any other Unit in the Condominium or element thereof), any "fiscal" matters (e.g., adequacy of budgets, reserves, etc.) or the purchase of a Club Interest or any other matter relating to the Building.

The location in the Building, and the size, layout and approximate square footages of the Club Units are shown on the Floor Plans set forth in Part II of the Offering Plan. Such floor plans are subject to the rights of Sponsor or its designee to combine two or more Unsold Club Units, to add additional Club Units by subdividing Unsold Club Units or by acquiring portions of the Hotel Unit and/or Suite Units and changing the designation of such areas to Club Unit space or to change the number of rooms in, as well as the size, layout and square foot area of, any Unsold Club Units, provided, however, that any material change (for example, a reduction in square footage in excess of five percent (5%)) shall be set forth in an amendment to the Offering Plan, that no material adverse change will be made in the size (i.e., decrease), configuration or layout of a Club Unit for which a Purchase Agreement which has been countersigned by Sponsor and returned to Purchaser unless the same is dictated by construction conditions at the Property (such as coordination of Building systems, conflicts with structural members or elements, conforming with Legal Requirements, unforeseen events, etc. and, in all cases, in good faith, reasonably necessary due to factors not within Sponsor's reasonable control, and where no practicable alternative (in the exercise of sound construction management practices) exists), and in such event, Sponsor will, in the amendment disclosing such change and delivered to the Purchasers, offer the materially adversely affected Purchaser(s) the right, for at least fifteen (15) days, to rescind their Purchase Agreements and receive a refund of their Deposit, together with all interest earned thereon.

Sponsor will have no liability to any Purchaser, nor will any Purchaser be entitled to a credit, offset or reduction in the purchase price for the Club Interest or otherwise be relieved of any obligations under the Purchase Agreement, by virtue of a minor inaccuracy or error in the Floor Plans. With regard to size, such minor error would mean a decrease of five percent (5%) or less or any increase in the size of any Club Unit or room contained in a Club Unit.

The Building incorporates mechanical equipment designed to provide for the physical comfort and convenience of the Building's occupants. During normal operation of this equipment, some occupants of Club Units adjacent to or in the vicinity of the equipment floors and equipment areas of the Building may perceive noise and/or vibration from the equipment. The sole obligation of Sponsor, the Condominium Board, the Hotel Unit Owner, the Hotel Operator and any related party, with respect to such noise and/or vibration shall be to install and operate such equipment in a manner consistent with commercially reasonable practices and in compliance with applicable Legal Requirements, including the New York City Building Code.

Based upon the current schedule, Sponsor presently contemplates that, unless delayed by casualty, labor difficulties (including work stoppages and strikes), late delivery and/or the inability to obtain on a timely basis or otherwise, materials or equipment, governmental restrictions, acts of god or other events beyond its reasonable control, renovation of the Club Units will be sufficiently completed to permit closings of title to Club Units to begin in or about July 2006. Prospective Purchasers should note, however, that the Club Units will be completed at differing times over a period that may begin prior to and/or extend beyond such date. Sponsor will have no liability to any Purchaser, nor will a Purchaser be entitled to any credit, offset or reduction in the purchase price for the Club Interest or otherwise be relieved from any obligations under the Purchase Agreement, in the event that the First Closing of a Club Interest occurs earlier or later than the targeted date or the time to complete or to close title to such Purchaser's Club Interest is accelerated, delayed or postponed by Sponsor, provided, however, that in the event the actual or anticipated commencement date of the projected first year of Club operation is to be delayed by six (6) months or more, Sponsor will amend the Offering Plan to include a revised budget with current projections and if: (i) the amended budget exceeds the projected budget set forth herein by twenty-five percent (25%) or more; or (ii) the First Closing of a Club Interest does not occur within twelve (12) months after the date set forth in Schedule B as

the commencement date for the projected first year of Club operation, then in either case Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period under their Purchase Agreements, if the Offering Plan has been declared effective) the right to rescind their Purchase Agreements within not less than fifteen (15) days after the presentation date of the amendment containing such revised budget or after such twelve (12) month period, as the case may be, and any Purchasers electing rescission pursuant to such offer will have their Deposit and any interest accrued thereon returned. Purchasers' rights as described in the preceding sentence are in lieu of any other rights or remedies which may be available pursuant to any applicable law, regulation and statute or otherwise, all of which shall be deemed to have been waived by all Purchasers. As set forth in the Section of the Offering Plan entitled "Effective Date," no closing of title to any Club Interest will take place prior to the Offering Plan being declared effective.

Services and Facilities

Generally, all services normally associated with the operation and maintenance of a full service Condominium will be provided to Club Members at no cost other than Club Charges (which will include a component of General Common Charges collected by the Condominium Board to reimburse the Hotel Unit Owner or the Hotel Operator, as the case may be, for Allocable Hotel Expenses incurred in providing such services to all Club Members.

(a) Health and Fitness Spa

The Health and Fitness Spa will be a part of the Hotel Unit. Registered Occupants of the Club Units will have access to the amenities, services and facilities available in the Health and Fitness Spa located in the Hotel Unit for so long as such spa is located therein and operating in the Hotel Unit. Such access will be available on the same basis as may be offered from time to time to Hotel Guests. Accordingly, it is anticipated that Club Members in occupancy and Hotel Guests will have daily access to any of the exercise equipment and locker facilities of the health club, without payment of any membership or initiation fee. However, there will be user charges for certain services rendered in the Health and Fitness Spa such as, but not limited to, massages, personal trainers and spa treatments. The rates charged for such services will be equivalent to those charged for similar services to Hotel Guests. Currently, the hours of operation of the Health and Fitness Spa are 6:00 a.m. to 10:00 p.m. daily (subject to modified schedules on holiday), but such hours are subject to change, and no warranty or representation is made with respect to such hours of operation.

(b) Concierge

There will be a concierge area within the Hotel Unit adjacent to the lobby, staffed by a concierge who, it is anticipated, will be available daily from 7:00 a.m. to midnight. The concierge will provide general information; make restaurant and entertainment recommendations and arrange reservations; reserve theater, sporting and entertainment tickets; arrange housekeeping, valet, limousine and transportation services; and arrange various other services. Such services will be available to the Club Members on the same basis as may be offered from time to time to Hotel Guests. (The cost of any goods or services provided will be the expense of the requesting party.)

(c) Doormen

A doorman will be on duty at the street entrance to the lobby daily from 6:00 a.m. to midnight, in order to open doors, hail taxicabs and assist with packages and luggage.

(d) Communications Facilities, Intercom Service, and Internet Connection

Each Club Unit will be equipped with a house telephone system. This system will enable the occupants of the Club Unit to communicate directly with the concierge and/or front desk regarding the admission of guests, and the like.

(e) Elevator Service

Passenger elevators will be automatically operated and will be in service as necessary, 24 hours per day, seven days a week. It is anticipated that a separate service elevator (which will be part of the Hotel Unit) but available for appropriate use by Club Members may be attended when required and available to Unit Owners or occupants by prior arrangement with the Hotel Operator. Elevator service may be attended for a fee paid for by Unit Owners.

(f) **Mail**

Incoming mail will be sorted and available for pick-up by Club Members from the concierge.

(g) **Maintenance Personnel**

Personnel will include sufficient engineers and housekeeping staff as may be necessary for the maintenance and cleaning of Common Elements. Maintenance personnel may be hotel employees who will provide services to the Common Elements, as necessary.

(h) **Security Procedures**

Entrances to the Building will generally be staffed by employees of either the Managing Agent of the Condominium and/or the Hotel Operator. However, the Building is currently principally operated as a transient hotel with banquet and other public facilities. Purchasers are advised that certain portions of the Hotel Unit will be regularly used for parties and functions, and/or as a restaurant or other similar facilities, that are open to the public and that a significant number of non-Hotel Guests will likely be in the Building at any time; and therefore no representation or warranty is made and no assurance is given that the security systems, procedures and staff of the Building will prevent personal injury or damage to or loss of personal property.

(i) **Reception Desk**

The Hotel Operator will provide staff who will be on duty at the reception desk in the Hotel lobby 24 hours a day, 7 days per week to handle registration, issue room keys and deliver messages on the same basis as to Hotel Guests. For security purposes and to monitor occupancy in connection with the New York State and New York City hotel occupancy and sales taxes, each Hotel Guest, including a Club Member, must register with the front desk and leave a valid credit card upon commencing any occupancy. The Hotel Guest, including the Club Member, will be issued a specially-encoded room key at that time. The maintenance of the reception desk is included in the General Common Charges payable by the Unit Owners.

(j) **Bell Staff**

Attendants will be available 24 hours a day, 7 days per week, to transport baggage and packages to and from the Club Units on the same basis as to Hotel Guests.

(k) **Cleaning**

Building standard cleaning and building standard linen service will be provided at a daily rate to be determined by the Hotel Operator to all Club Units (and is required) for each day that the same are in use, including cleaning bathrooms, removing trash, dusting furniture, vacuuming and changing sheets, pillow cases, towels, washcloths and bathmats.

(l) **Security Features**

Each Club Unit will contain an electronic door-lock system capable of using specially encoded magnetic metal keys, which will be individually issued to Club Members or Hotel Guests at the time of check-in to the Hotel. Such keys will be able to access only the applicable Club Unit, only during the period of stay by such Hotel Guest or Club Member in the Hotel. Similar keys will also be issued to selected hotel service personnel who may be servicing the Club Units before, during and after the stay of a Club Member or Hotel Guest. In case of failure of the electronic coding/decoding system and/or power to any part of the system, a means of entry will be available to security personnel and the Hotel Operator on a restricted basis.

(m) **Telephone Service**

Telephone operator service is provided 24 hours a day, 7 days per week, for assistance with incoming call routing, message service, wake-up call service and outside operator connections. Club Unit occupants will also be able to make outgoing calls by (DID) direct dial service, at the occupant's expense. Telephone company charges for local and long-distance calls from each Club Unit will be charged at the hotel's posted rates separately from General Common Charges and will be based on usage. Hotel Guests and Club Members occupying a Club

Unit will be required to leave a valid credit charge authorization and execute the Hotel Operator's associated hotel services agreement to secure timely payment of telephone and other per-use or discretionary charges incurred during any occupancy period.

(n) **Licensing**

The Hotel Operator will procure and maintain in effect all licenses and permits consistent with the operation of a Hotel. Club Members renting their Club Interests shall be responsible for collecting and remitting to the appropriate taxing authorities the applicable sales and hotel room occupancy taxes and for filing with the appropriate taxing authorities all applicable sales and hotel room occupancy tax returns and application for refunds.

(o) **Tax Filings**

Rentals of Club Interest will be subject to sales taxes and hotel occupancy tax. Currently, New York State sales tax is at the rate of 4% and New York City sales tax is at the rate of 4.375%, for a combined rate of 8.375%. The current rate for the New York City hotel room occupancy tax is \$2.00 per day per room (not including any bathroom) plus 5% of the daily occupancy charge. In addition, New York State imposes a hotel unit fee in the amount of \$1.50 per unit per day. (Sponsor makes no representation or warranty that such tax rates will remain in effect for any period of time). Club Members shall be required to pay sales taxes and hotel occupancy tax and make all tax filings directly to the taxing authorities.

(p) **Carbon Monoxide Detectors**

Carbon monoxide detectors are not required to be installed in the Club Units since steam is used to supply heat.

Improvements

Sponsor reserves the right to amend or modify the Plans and Specifications for the Club in any way (including, without limitation, changing materials, appliances, equipment, fixtures, and other construction details and designs) and to substitute in place of any materials, appliances, equipment and/or fixtures set forth therein or in the "Description of Property and Building Condition" set forth in Part II of the Offering Plan, materials, appliances, equipment and/or fixtures of substantially equal or better quality, provided only that any necessary approval of any governmental authority having jurisdiction thereunder is obtained. Any or all of the foregoing amendments or changes may be made without prior notice to Purchasers or amendment to the Offering Plan.

The "Description of Property and Building Condition" contained in Part II of the Offering Plan sets forth all of the appliances, fixtures and other equipment which are or will be contained in each Club Unit. These fixtures, appliances and equipment are subject to change by Sponsor.

Lead-Based Paint and/or Lead-Based Paint Hazards

Sponsor has no knowledge of lead-based paint and/or lead-based paint hazards in the Club. See Paragraph 22 and "Schedule B" of the Purchase Agreement and the "Lead-Based Paint Survey" and pamphlet entitled "Protecting Your Family from Lead in Your Home" in Part II of the Offering Plan for more details.

ADA Accessibility

(a) **The Club**

Club Units 816 and 915 will be accessible to Purchasers with disabilities, one of which will have a roll-in shower or an accessible tub.

(b) **The Hotel**

The Hotel in which the Club will be located was originally designed and constructed well before the enactment of any laws on disability access ("Disability Laws"). As a result, the obligation of the Hotel's owners and operators to make portions or features of the Hotel accessible has been limited to two circumstances: first,

where alterations of the Hotel undertaken since the effectiveness of the disability laws that have triggered certain accessibility obligations, and, second, where removal of barriers to access has been readily achievable.

As of the First Closing of a Club Interest, the portions of the Hotel that comprise the Club and those portions of the Hotel to which Club Members will have access will be effectively accessible to persons with disabilities, except as noted below:

1. None of the Disability Laws require every feature of a facility such as the Club (or the Hotel) to be accessible to the disabled. Instead, the Disability Laws typically require only a set number or percentage of certain features to be accessible. So, for example, the Disability Laws require only that a certain number of restroom stalls or hotel guestrooms be accessible to the disabled. Because certain features of the Club and Hotel are not even expected to be accessible, this disclosure does not attempt to address those features.
2. The top of the Hotel's main registration desk is at height that is considered to be too high to be reached by most wheelchair users. Hotel front desk staff have been trained to greet and assist guests who use wheelchairs out in front of the front desk and to provide them with a clipboard or other portable flat surface on which to write or conduct other transactions.
3. One of the entrances to the Hotel is inaccessible to wheelchair users because it requires guests to traverse stairs. A second entrance has a door that may require too much force to operate for certain persons with disabilities. Signage is being posted at this door together with a notification system that advises those experiencing difficulty with this door that the notification system alerts Hotel staff to come to the door to provide assistance.
4. The Disability Laws consist of a countless number of requirements, many of a highly technical nature and some that pose no barrier to actual access and use by persons with disabilities. Although efforts have been made efforts to identify the above features of the Building that may hinder effective access by purchasers of Club Interests, there is no guaranty that changes in the Disability Laws or identification of additional inaccessible features may require further alterations or additional Building procedures in the future.

LOCATION AND AREA INFORMATION

The Building is situated at Two East 55th Street on the Southeast corner of East 55th Street and Fifth Avenue in the Borough of Manhattan, City of New York.

The Condominium is situated at Two East 55th Street, New York, New York, on the southeast corner of East 55th Street and Fifth Avenue. The Property is located near the crossroads of Midtown Manhattan's transition from an office and retail mecca to a high-end residential and retail neighborhood stretching north along Fifth Avenue and Madison Avenue, two of New York's most exclusive addresses.

New York City is one of the leading cultural centers of the world, with many of the finest universities, museums, libraries, theaters and cultural institutions, attracting millions of national and international tourists. New York City is the nation's center for communications, publishing, advertising, the stock market and other financial services, visual and performing arts and the fashion industry.

New York City is served by three major airports -- LaGuardia Airport, John F. Kennedy International Airport and Newark International Airport. Passenger railroad service is provided from Pennsylvania Station, located at Seventh Avenue and 33rd Street, and from Grand Central Terminal, located at Park Avenue and 42nd Street.

Transportation to and from the Building, and throughout New York City, is readily available by, among other things, taxi, limousine and private automobile. A number of commercial parking garages are located nearby.

Central Park, located four blocks from the Property in the center of Manhattan, is an 840-acre tract of land which combines beautifully landscaped areas with a large variety of recreational facilities, such as tennis courts, running paths, bicycle routes, an ice skating rink, theatrical performances, musical concerts, and a zoo.

Significant shopping areas are located within a short distance of the Property. Within five blocks of the Property are luxury retailers such as Tiffany's, Henri Bendel, Bergdorf Goodman, Cartier, DeBeers, Boucheron, Saks Fifth Avenue. Rockefeller Center and Trump Tower are within walking distance.

There are excellent private schools and hospitals and outstanding recreational and cultural facilities throughout the Borough of Manhattan, including libraries, museums, and parks considered among the finest in the world. Among the nearby museums are the Museum of Modern Art, Museum of Natural History, New York Historical Society, Metropolitan Museum of Art, Whitney Museum of American Art, Frick Collection, Guggenheim Museum and Museum of American Folk Art. Lincoln Center for the Performing Arts (which includes the New York State Theater, the Metropolitan Opera House, Avery Fisher Hall and the Vivian Beaumont Theater), Jazz at Lincoln Center's new facility in the Time Warner Center on Columbus Circle, Carnegie Hall and the Broadway theater district, which are the focal points of the musical life of the City, are also nearby. Noted schools in the area include the Juilliard School and Fordham University.

A number of excellent medical centers, such as Mt. Sinai Medical Center, New York Hospital-Cornell Medical Center, Memorial Sloan Kettering, New York University Medical Center and Columbia Presbyterian Medical Center, are readily accessible.

All public services, including schools, police protection, library, street maintenance, social services and fire protection are provided by The City of New York. The Property has frontage on both East 55th Street and Fifth Avenue, both of which are dedicated New York City streets. The nearest police precinct headquarters is the Midtown North Precinct located at 306 West 54th Street at Eighth Avenue. Fire protection is provided from the firehouse situated at the corner of West 58th Street and Broadway. The main branch of the world famous New York City public library system is located at Fifth Avenue and 42nd Street. Many religious faiths have congregations within walking distance of the Property.

SCHEDULE A - PURCHASE PRICES AND RELATED INFORMATION

SCHEDULE A – PURCHASE PRICES AND RELATED INFORMATION

FIFTH AND FIFTY-FIFTH RESIDENCE CLUB

Two East 55th Street
New York, New York 10022

CLUB UNIT (1)						PURCHASE PRICE (2)	PROJECTED ANNUAL CLUB CHARGES (3)			SPONSORS FINANCING (4)	
Number	Bedrooms	Bathrooms	"Condominium Declaration" Square Feet	"Usable" Square Feet	Facing		Real Estate Taxes	Other Club Expenses	Total Club Charges	Maximum Amount Financed	Constant Monthly Payment
						(a)	(b)	(a) + (b)			
808	Studio	One	523	445	Interior	\$335,000	\$905.49	\$9,400.33	\$10,305.82	\$301,500	\$2,684
908	Studio	One	523	445	Interior	\$335,000	\$905.49	\$9,400.33	\$10,305.82	\$301,500	\$2,684
809	Studio	One	474	415	5 th Avenue	\$315,000	\$905.49	\$9,400.33	\$10,305.82	\$283,500	\$2,523
909	Studio	One	474	415	5 th Avenue	\$315,000	\$905.49	\$9,400.33	\$10,305.82	\$283,500	\$2,523
807	One	One	738	625	5 th Avenue	\$395,000	\$1,737.11	\$12,054.42	\$13,791.53	\$355,500	\$3,164
907	One	One	738	625	5 th Avenue	\$395,000	\$1,737.11	\$12,054.42	\$13,791.53	\$355,500	\$3,164
801	One	One	1061	935	Interior & 5 th Avenue	\$550,000	\$1,737.11	\$12,054.42	\$13,791.53	\$495,000	\$4,406
901	One	Two	1061	935	Interior & 5 th Avenue	\$550,000	\$1,737.11	\$12,054.42	\$13,791.53	\$495,000	\$4,406
821	Two	Two	1129	957	5 th Avenue	\$490,000	\$2,630.19	\$14,904.64	\$17,534.83	\$441,000	\$3,925
921	Two	Two	1129	957	5 th Avenue	\$490,000	\$2,630.19	\$14,904.64	\$17,534.83	\$441,000	\$3,925
822	One	Two	1070	852	Interior	\$470,000	\$1,737.11	\$12,054.42	\$13,791.53	\$423,000	\$3,765
922	One	Two	1070	852	Interior	\$470,000	\$1,737.11	\$12,054.42	\$13,791.53	\$423,000	\$3,765
803	Two	Three	1546	1,383	Interior & 5 th Avenue	\$700,000	\$2,630.19	\$14,904.64	\$17,534.83	\$630,000	\$5,608
903	Two	Three	1546	1,383	Interior & 5 th Avenue	\$700,000	\$2,630.19	\$14,904.64	\$17,534.83	\$630,000	\$5,608
815	Two	Three	1507	1,290	5 th Avenue	\$585,000	\$2,630.19	\$14,904.64	\$17,534.83	\$526,500	\$4,686
915	Two	Three	1507	1,290	5 th Avenue	\$585,000	\$2,630.19	\$14,904.64	\$17,534.83	\$526,500	\$4,686
818	Two	Three	1593	1,395	Interior	\$605,000	\$2,630.19	\$14,904.64	\$17,534.83	\$544,500	\$4,847
918	Two	Three	1593	1,395	Interior	\$605,000	\$2,630.19	\$14,904.64	\$17,534.83	\$544,500	\$4,847
835	Two	Three	1458	1,263	5 th Avenue	\$565,000	\$2,630.19	\$14,904.64	\$17,534.83	\$508,500	\$4,526
935	Two	Three	1458	1,263	5 th Avenue	\$565,000	\$2,630.19	\$14,904.64	\$17,534.83	\$508,500	\$4,526
836	Two	Three	1455	1,260	Interior	\$565,000	\$2,630.19	\$14,904.64	\$17,534.83	\$508,500	\$4,526
936	Two	Three	1455	1,260	Interior	\$565,000	\$2,630.19	\$14,904.64	\$17,534.83	\$508,500	\$4,526
TOTALS						\$156,480,000	\$547,283	\$3,465,402	\$4,012,685		

See Notes to Schedule A

Notes to Schedule A

1. The Club Units on Floors 8 and 9 contain studios; one-bedrooms; and two-bedroom duplexes. The Club Interest in each Club Unit is equal to a fraction, the numerator of which is four (4) and the denominator of which is fifty-two (52).

Purchasers should refer to the Floor Plans set forth in Part II of the Offering plan for an approximation of the dimensions and layouts of the Club Units. The "Condominium Declaration" square footage represents the square foot area of the Club Unit measured horizontally on each floor from the interior side of the glazing or the exterior walls at the Building line and/or the Property line to the midpoint of the interior walls and partitions separating one Club Unit from another Unit, or the public side of the interior walls separating a Club Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements. Column and mechanical pipes (whether along the perimeter or with the Club Unit) are not deducted from the square foot area of the Club Unit. The "useable" square foot area of a Club Unit represents that portion of the Club Unit to which the Club Owner has access (i.e., interior painted surfaced to interior painted surface, including kitchen counters, bathtubs, etc.). The square foot area and dimensions of the Club Units are approximate and may vary due to field conditions. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Offering Plan unless the square foot area of the Club Unit is diminished by more than five percent (5%) (excluding interior partitions), therefore affording Purchaser a fifteen (15) day right to rescind.

The number of rooms in each Club Unit have been computed by Sponsor in accordance with industry standard as follows:

<u>Type of Club Unit</u>	<u>Total Rooms</u>	<u>Type of Rooms</u>
Studio	2	1 bedroom, 1 bathroom
One bedroom	3 or 4	1 or 2 bedrooms, 1 bathroom, 1 living room
Two bedroom	5	2 bedrooms, 2 bathrooms, 1 living room
Two bedroom duplex	5 or 6	2 bedrooms, 2 or 3 bathrooms, 1 living room

2. THE PURCHASE PRICES AND OTHER TERMS OF SALE OF CLUB INTERESTS MAY BE NEGOTIATED BY SPONSOR AND, THEREFORE, MAY BE CHANGED. ACCORDINGLY, PURCHASERS MAY PAY DIFFERENT PURCHASE PRICES FOR SIMILAR CLUB INTERESTS. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section of the Offering Plan entitled "Changes in Prices and Facilities." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section of the Offering Plan entitled "Closing Costs". If Purchaser obtains a mortgage loan from Sponsor or other lender, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There may be an apportionment of certain charges relating to the Club Interest at the time of the Closing of Title. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

3. The estimated Club Charges contained in this column are for the period from January 1, 2006 to December 31, 2006 based on the "Schedule B - Club Budget" prepared by Sponsor in consultation with the Club Budget Expert. Club Charges include Real Estate Taxes assessed against the Club Units and other Club Expenses.

The estimated annual Club Charges in this column reflect the benefit to be obtained by Club Members during the period Sponsor's Club Charge Guaranty is in effect. During the period Sponsor's Club Charge Guaranty is in effect, Sponsor is not obligated to pay Club Charges allocable to Unsold Club Interests. See the Section of the Offering Plan entitled "Sponsor's Club Charge Guaranty" for more details. The Club Association reserves the right to bill Club Members for Club Charges more often than once a year.

See footnote (5) below for more details concerning Real Estate Taxes. While the legal responsibility for Real Estate Taxes lies with each Club Member, the Club Association will collect Real Estate Taxes from

each Club Member (which are included in the Club Charges) and remit the same on behalf of each Club Member to the taxing authorities. In addition to these estimated Club Charges, each Owner will be responsible for mortgage payments under a loan, if any, obtained to finance the purchase of the Club Interest.

4. Sponsor is offering purchase money financing (fixed-rate) to qualified Purchasers for up to ninety percent (90%) of the purchase price, a term of either five (5) or twenty (20) years with varying fixed interest rates depending on the term, amount financed and origination fee paid. The figures in this column reflect an example of the approximate constantly monthly payment for a self-amortizing twenty (20) year loan for ninety percent (90%) of the purchase price and an interest rate of 8.85%. The terms of Purchaser's purchase money note, purchase money mortgage and Truth-In-Lending Statement will govern the specific terms of the Sponsor financing obtained by Purchaser.

See the Section of the Offering Plan entitled "Sponsor Financing" for more details.

5. The estimated annual Real Estate Taxes of \$547,283 for the 2006 calendar year for the Club Units are based upon estimates made by Jerome Haims Realty, Inc., Sponsor's real estate tax appraiser, that: (a) the approximate allocated assessed value of the Club Units during the second half of the 2005/2006 tax year is \$2,142,855 in the aggregate and during the first half of the 2006/2007 tax year will be \$2,271,427 in the aggregate for a total 2006 assessed value of \$4,415,000 (rounded); and (b) the effective tax rate in effect for the First Year of Condominium Operation tax year will average \$12.396 per \$100 of assessed valuation with respect to the Club Units.

Until the Units are separately assessed, each Unit Owner (i.e., the Club Association on behalf of all Club Members to the extent collected from Club Members) will pay to the Condominium a share of the Property's real estate taxes for the period in question calculated as follows: 81.48% to the Hotel Unit, (ii) 2.95% to the Retail Unit, (iii) 7.77% to the Suite Units (in the aggregate), and (iv) 7.80% to the Club Units (in the aggregate).

SCHEDULE B – CLUB BUDGET

**FIFTH AND FIFTY-FIFTH RESIDENCE CLUB ASSOCIATION
2006 APPROVED BUDGET OF OPERATING EXPENSES & REPLACEMENT RESERVES
JANUARY 1, 2006 THROUGH DECEMBER 31, 2006**

Income

Maintenance Charges (1)	\$ (4,012,685)
Interest Income (2)	(62,000)
Total Income	<u>\$ (4,074,685)</u>

Expenses

Labor (3)	\$ 498,850
Utilities - Electricity & Steam	-
Water & Sewer	-
Cable TV	-
Operating Supplies (4)	210,792
Repairs, Maintenance & Supplies	-
Service Contracts	-
Laundry Service (5)	227,111
Administrative (6)	347,144
Health Club	-
Insurance (7)	3,000
Management Fee (8)	262,512
Legal & Audit (9)	6,500
Real Estate Taxes (10)	547,283
Condominium Fees (11)	1,763,159
Replacement Reserves (12)	208,334
Total Expenses	<u>\$ 4,074,685</u>

FOOTNOTES TO SCHEDULE B
Residence Club Operations Commencing September 2006

Amounts are projected on the assumption that the first year of association operation will be the year from January 1, 2006 to December 31, 2006. The actual first year of association operation may be earlier or later than that year. In the event the actual or anticipated commencement date of the first year of association operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds this projected budget by 25% or more, Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period, if the Plan has been declared effective) the right to rescind their Purchase Agreements within not less than fifteen days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their down payments returned.

The General Common Charges payable by Fractional Unit Owners equal the sum of their allocated shares of the General Common Expenses, including their allocated shares of the expenses associated with both the General Common Elements and the Hotel Limited Common Elements. The General Common Charges payable by the Hotel Unit Owner equals its allocated share of the expenses of the General Common Elements. The Hotel Unit Owner pays directly the expenses associated with the Hotel Limited Common Elements, subject to partial reimbursement by the Condominium Board on behalf of the Suite Unit Owners and the Fractional Unit Owners for their allocated shares of such expenses. The General Common Charges payable by the Retail Unit Owner equals its allocated share of the expenses of the General Common Elements. The Retail Unit does not use or share in the expenses of any of the Hotel Limited Common Elements. Certain General Common Charges are currently allocated in common to the Hotel Unit and the Retail Unit, which Units are currently under common ownership.

Potential purchasers are advised that the amounts set forth in Schedule B and these footnotes are only projections.

After operation of the Residence Club Association has commenced, it is anticipated that the methods of allocation of the General Common Expenses will be periodically adjusted as provided in Section 6.1.2 of the By-Laws, but not more frequently than once each year, to reflect the differing proportions fairly attributable to the then amount of usage by such category of Unit Owner of the services and the General Common Elements and Hotel Limited Common Elements in question, but in any event in conformity with Section 339-m of the New York State Real Property Law. If any category of Unit Owners contends that any method of allocation determined by the Board is inequitable, the dispute may be submitted to arbitration as provided in the By-Laws.

General Common Expenses include costs and expenses in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the General Common Elements and Hotel Limited Common Elements, and with the provision of services to Unit Owners in general, such as service contracts applicable to the Building as a whole, employees who will provide services to the entire Condominium, fees of the managing agent for the Condominium, and insurance coverage for the General Common Elements and Hotel Limited Common Elements. The General Common Expenses are included in the Condominium Fees line item.

1. Maintenance charges billed to owners for operating expenses less other revenue: \$4,012,685. The maintenance charge for the Studio is \$10,305.82, One Bedroom \$13,791.53, and Two Bedroom Deluxe units is \$17,534.83 per fraction and there will be a total of 264 fractions.

2. Interest earned on various Association accounts: \$62,000

3. Labor: \$498,850

All payroll costs estimated in Schedule B, unless otherwise noted in these footnotes, assume prevailing salaries, wages and benefits for work of this nature, including applicable payroll taxes, as of the date of the Plan. No warranty is made as to which unions, if any, will represent the Building employees or the actual wages, salaries, benefits and related payroll taxes and similar expenses which will be applicable and in effect during the first year of condominium operation. However, the projected expenses for wages, salaries and benefits as well as the assumptions described herein, are believed to be reasonable and reflect the experience of the Sponsor's budget expert. The existing union contracts are scheduled to expire in 2006, and therefore projecting such expenses does have an additional level of uncertainty.

Payroll taxes and benefits for the first year of Residence Club Association operation are estimated to be 59% of the wage and salary amounts. The payroll taxes and benefits include FICA (projected at 9.25% of total wages), and allowances for union or other welfare and pension fund contributions, holidays and vacation pay.

4. Operating Supplies: \$210,792. Cost to supply rooms with soap, shampoo, linens and other miscellaneous items, plus housekeeping supplies.

5. Laundry Service: \$227,111. Cost of cleaning linen, towels and uniforms on a daily basis.

6. Administrative: \$347,144. Expenses include allocations from Starwood Vacation Ownership for resort oversight, association management, owner reservations, and facilities management, plus annual meeting charges, bad debt, bank & credit card fees, income tax, licenses permits, postage and telephone.

7. Insurance: \$3,000. This is for Directors and Officers liability coverage.
8. Management Fee: \$262,512. The management fee represents 7% of the total maintenance charges per the management agreement between Fifth and Fifty-Fifth Residence Club Association and St. Regis New York Management Inc.
9. Legal & Audit: \$6,500. Fees to be incurred in connection with the preparation of the audited financial statements for the Residence Club Association's first year of operation and its federal, state and city income tax returns, based on a quote received from Myers, Brettholtz & Company, P.A.
10. Real Estate Taxes: \$547,283. Real estate taxes are based on actual billings to the Hotel in 2005. The taxes include floors 8 and 9, plus a 3.4% estimated increase.
11. Condominium Fees: \$1,763,159. The General Common Expenses from the Condominium Association. Most of the services are provided for through the Condominium Association including salaries and wages for operating areas, insurance, repairs and maintenance, operating supplies, and utilities.
12. Replacement Reserves: \$208,334. Cost to cover the periodic replacement of the Club Units furnishings, fixtures and equipment based on each item's anticipated useful life.